

FBIS**DAILY REPORT
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GUANGMING RIBAO VIEWS SOVIET ECONOMIC RELATIONS

HK030409 Beijing GUANGMING RIBAO in Chinese 22 Jan 87 p 4

[Article by Yang Wenda (2799 2429 6671): "New Trend in the Development of Soviet Economic Relations With the West"]

[Text] To implement the strategy of "accelerating social and economic development," the Soviet Union has launched an effort to strengthen its economic and diplomatic ties with the West as an important part of its program to readjust its foreign policy. Recently there have been some changes in the Soviet Union's ideological views, policies, and measures regarding the development of the economic relations with the West.

I. "New Ways of Thinking" Have Been Applied to the Evaluation of Foreign Economic Relations [subhead]

1. The "interdependent" relationship in the world economy has been emphasized. Gorbachev has pointed out: The Soviet economy is a part of the world economy. The two economies share "common interests" and both follow the "rule of constantly growing interdependence." The traditional closed-doorism is now criticized in the Soviet Union with a view to promoting economic harmony and cooperation with other countries.

2. The Soviet Union suggests that the experience of an "international division of labor," which has been practiced among Eastern European countries, be introduced into the economic relations between the East and the West as a whole. It no longer remains content with bilateral cooperation in its economic intercourse with Western countries but supports "economic integration" and "an extensive international cooperation." It maintains that a "new form of economic ties" should be adopted and the economic and technological cooperation "geared to the future needs" be developed on a large scale.

3. The Soviet Union has suggested that an "international economic security system" be set up to ensure the stability of the world economic relations. It believes that international economic relations have "deteriorated" and "there has been a higher and higher degree of instability" in recent years. For this reason, Gorbachev has proposed a "conference on global economic security" aimed at establishing a "new economic order in the world."

4. The Soviet Union has put more stress on the function of "economic diplomacy," holding that "international economic security" is a "component part" of international security as a whole. Gorbachev said: "To a great extent, the political climate in Europe depends on the development of economic relations between the East and the West." Ryzhkov also particularly emphasized the role of economic diplomacy as an "important means" to maintain and strengthen the political relations between different countries.

II. An Open-door and Flexible Foreign Economic Policy and Some Related Measures Have Been Adopted [subhead]

1. The Soviet Union has been actively seeking membership in international economic organizations and multilateral economic bodies. Last August, the Soviet Union officially asked to participate as an observer in the world trade talks sponsored by the General Agreement on Tariffs and Trade. It later applied for official membership in the GATT. In order to extend its financial relations with the West, the Soviet Union has also expressed its wish to join the International Monetary Fund, the World Bank, and other international financial organizations. [paragraph continues]

Besides being interested in economic cooperation in the Pacific region, the Soviet Union also hopes to participate in the "Pacific Economic Cooperation Conference." The Soviet Union used to adopt a negative attitude toward almost all these international economic organizations in the past. Now it has not only asked to join them but has also taken the initiative in making some concessions in the course of talks. For example, in the hope of joining the Eurobond market, the Soviet Union has signed an agreement with the United Kingdom on the refund of bonds issued during the Tsar period, and thus solved a property dispute which had been pending for 69 years.

2. The Soviet Union has encouraged through various means the Council for Mutual Economic Assistance to establish formal relations with the EEC. It no longer refuses to officially recognize the EEC but expresses its wish to strengthen cooperation with this organization. As a result of their efforts, the EEC and CEMA commissioned their own representatives to open talks on the establishment of official relations in last September.

3. The Soviet Union has been actively seeking to establish "joint ventures" with companies from the West. It used to reject this form of cooperation, but now it is strongly in favor of running joint enterprises in cooperation with Western companies and welcomes the latter to make direct investment in the country. Not long ago, the Soviet Association of Industry and Commerce held talks with some companies from the United States, Japan, the FRG, and France on the establishment of joint enterprises. The talks have resulted in establishment of a special committee to study legal problems involving "joint ventures."

4. The Soviet Union has made great efforts to obtain the latest scientific and technological know-how from the West. Recently it has held frequent talks with some Western countries on cooperation in such fields as space exploitation, controlled thermonuclear fusion reaction, biological engineering, and environmental protection. It also hopes to enter into cooperation with the West in such technological areas as robotics, microelectronics, computers, and new materials. In addition, the Soviet Union is seeking to join West Europe's Eureka project and has been advocating centralized global scientific and technological cooperation.

5. The Soviet Union has bravely initiated a reform of its foreign trade structure. Last September, the CPSU Central Committee and the Soviet Council of Ministers adopted a "Decision on the Improvement of Procedures for the Control of Foreign Economic Relations" to vest more than 20 ministries and competent departments as well as 70 large corporations and enterprises with the power to directly deal with foreign economic operations in 1987. This implies that the Soviet Union has given up the old practice of monopolizing foreign trade in the Ministry of Foreign Trade.

LIAOWANG DOUBTS SOVIET 'CONCILIATORY' POSTURE

HK030431 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 4, 26 Jan 87 p 26

[Article by Yuan Amin (5913 7093 3046) "The Real Intention Behind the Soviet Union's 'Conciliatory' Posture"]

[Text:] Najibullah, the leader of the Kabul regime, declared a "unilateral ceasefire" effective 15 January. This is a new "conciliatory" posture, adopted by Najibullah after his visit to the Soviet Union last year. The Afghan resistance forces leader immediately rejected the offer and pointed out that it was a trap as well as a fraud. He said the Soviet Union should immediately withdraw its troops from Afghanistan, and that the guerrilla forces will not stop fighting so long as there is one Soviet soldier in Afghanistan.

Since last year, Moscow has given enormous publicity to its proposal on a political solution to the Afghan issue and has voiced support for the efforts of the UN general secretary to solve the Afghan issue politically. In February 1986, Soviet leader Gorbachev said at the 27th CPSU Congress that Soviet troops will be withdrawn from Afghanistan in the near future. At the end of July he announced in Vladivostok that part of the Soviet troops would be withdrawn by the end of the year. Following his announcement, the Soviet Union withdrew 8,000 soldiers from Afghanistan in October. At the two rounds of indirect talks held between the Afghan and Pakistani foreign ministers in Geneva last year, the Soviet Union changed its traditional position that "it is a Soviet and Afghan affair to set the date of withdrawal of Soviet troops in which no other country should meddle," and that "the timetable for the withdrawal of troops can only be discussed at the direct talks between Afghanistan and Pakistan." Moreover, the Soviet Union also offered a timetable which indicated that Soviet troops will withdraw from Afghanistan within 3 or 4 years. Meanwhile, the Kabul regime, under the excuse of setting up a "national conciliatory government," urged the Afghan resistance forces to lay down their arms. The Soviet Union and the Kabul regime have taken these moves in an attempt to attract the attention of the international community. People may ask: Is the Soviet Union really willing to withdraw all its troops from Afghanistan?

From the following actions by the Soviet Union and the Kabul regime, we cannot but doubt the sincerity of the Soviet Union in withdrawing its troops.

1. The Kabul regime declared a "unilateral ceasefire," but did not mention the key to a political solution to the Afghan issue, that is, a ceasefire by Soviet troops and a timetable for Soviet troop withdrawals. The Kabul regime also declared that the Soviet troops will be withdrawn only after the establishment of a "national coalition government" and suspension of "external intervention."
2. In October last year, the Soviet Union withdrew only six regiments, accounting for less than 7 percent of its troops in Afghanistan. Moreover, the troops withdrawn were mainly antiaircraft units which did not affect the combat effectiveness of the Soviet troops. While announcing the withdrawal of these units, the Soviet leader asserted that the Soviet Union will take action if other countries continue to support the Afghan guerrilla forces. That is to say, if the guerrilla forces continue to resist, the Soviet troops may be reinforced at any time.
3. The Soviet Union still insisted on "withdrawing its troops on the premise of a guarantee made." At the 27th CPSU Congress, Gorbachev said that the Soviet Union and Afghanistan would discuss the time limit for withdrawing Soviet troops in stages, on the premise that Afghanistan is free from foreign armed "intervention." At a banquet welcoming Najibullah last December, he reiterated that if foreign "intervention" continues in Afghanistan, the Soviet Union will certainly not let Afghanistan suffer. The officials of the Soviet National Defense and Foreign Ministries also publicly reiterated this stand.
4. The Soviet Union and the Kabul authorities said that only guerrilla leaders who are willing to lay down arms may join the "national coalition government." Meanwhile, both the Soviet Union and the Afghan authorities stepped up military operations to ruthlessly suppress the guerrilla forces. Over the past year, Soviet and Afghan troops encircled the guerrilla bases on several occasions, and applied a scorched earth policy in an attempt to cut off contacts between the guerrilla forces and the outside world and wipe out the guerrillas' effective strength.

5. The Soviet Union and Afghan authorities continued to put pressure on Pakistan. Last year, Soviet and Afghan aircraft intruded into Pakistani airspace on over 600 occasions. Following the unilateral ceasefire declared by Najibullah in January this year, they again dispatched bombers to shell the inhabitants along the Pakistani border.

Why have the Soviet Union and Afghan authorities adopted a "conciliatory" posture? Analysts believe that since its invasion of Afghanistan 7 years ago, the Soviet Union's economic burden has increased, and it has failed to annihilate the guerrilla forces militarily. The Soviet Union is now in an isolated position in the world. Last year, the 41st UNGA again adopted a resolution, with an overwhelming majority of 120 votes, calling for a withdrawal of Soviet troops from Afghanistan. Other international conferences also issued statements and adopted resolutions in turn demanding the withdrawal of Soviet troops. Under such circumstances, the Soviet Union wants to maintain its control over Afghanistan as well as extricate itself from the predicament. Meanwhile, the Soviet Union is also afraid that the Kabul regime, due to its weakness, might collapse immediately after the withdrawal of Soviet troops. For this reason, the Soviet Union has insisted on the following prerequisites for the withdrawal of its troops: Afghan guerrilla forces should stop resisting Soviet troops and external "intervention" should be suspended. It goes without saying that the Soviet Union has not changed its consistent position of "withdrawing troops on the premise of a guarantee made." The purpose of the "flexible" posture adopted by the Soviet Union is to split the resistance forces, sow dissension between Pakistan and the Afghan resistance forces, impel Pakistan to make concessions at the indirect talks in Geneva, and thus reverse its passive position.

During a recent visit to Afghanistan, the Soviet foreign minister said that the Soviet Union is now working out a timetable for the withdrawal of its troops. We should judge the Soviet Union by its deeds, not just by its words. Since the Afghan issue has been created by Soviet aggression, the key to the political solution of the Afghan issue lies in the immediate, unconditional withdrawal of all Soviet troops so as to resume Afghanistan's sovereignty, neutrality, and nonaligned position.

NEI MONGGOL-USSR TRADE GROWS 9 PERCENT

OW030508 Beijing in Russian to the USSR 1800 GMT 2 Feb 87

[Text] The total volume of border trade between the PRC's Nei Monggol Autonomous Region and the USSR's far eastern regions was in excess of 45 million Swiss francs. That is nine percent more than in 1985.

Chinese-Soviet border trade resumed in 1983. In the same year a barter trade agreement was signed between the Chinese provinces of Nei Monggol and Heilongjiang on the one hand, and the USSR's far eastern regions Chita and the Amur Oblast, and the Khabarovsk and the Maritime Kray on the other.

CORRESPONDENT REVIEWS NAKASONE'S EUROPEAN TOUR

OW211323 Beijing in Japanese to Japan 0930 GMT 19 Jan 87

[Report by Tokyo correspondent (Su Guobin): "A New Step in the Expansion of Japanese Diplomacy"]

[Text] Prime Minister Nakasone returned home on 17 January from his visits to Finland, the GDR, Yugoslavia, and Poland. During his tour of these four European countries, Prime Minister Nakasone held talks with their top leaders on separate occasions and exchanged views with them on East-West relations following the U.S.-USSR summit talks at Reykjavik, on questions concerning peace and disarmament, and on bilateral relations.

In his speech in Belgrade, Prime Minister Nakasone clearly stated Japan's basic position concerning current international issues and set forth five principles concerning disarmament. The Japanese press has pointed out two objectives in his speech: First, to indicate to the world that Japan wants to defuse the tension in East-West relations following the stalemate at the Reykjavik talks; and second, to indicate Japan's intention not to become a military power by stressing peace and disarmament as well as to upgrade Japan's image as a member of the international community.

As for the outcome of his recent tour, Prime Minister Nakasone and the top leaders of the four countries reached agreement in their views on such issues as conducting a political dialogue between East and West, disarmament, and defusion of the tension in the international situation, and agreed to strengthen cooperation in these fields in the future. However, they failed to reach agreement in their views on various other issues.

According to the Japanese press, Prime Minister Nakasone and the leaders of the GDR and Poland had different views on the concept of setting up an Asian security system as proposed by the USSR. Prime Minister Nakasone clearly stated that, with a territorial issue existing between Japan and the USSR, it would be impossible for Japan to agree to the concept of creating an Asian security system and that agreeing to such a concept would be tantamount to giving up the Northern Territories. Furthermore, regarding the U.S. Strategic Defense Initiative, Japan failed to reach an agreement in views with the GDR and Poland.

Regarding economic relations, Prime Minister Nakasone and the top leaders of the four European countries stressed that further promotion of economic cooperation would conform to the interests of both sides. In their talks, Japan agreed with Finland on increasing air services between Tokyo and Helsinki, and with Yugoslavia on sending an economic mission and expanding investment. In addition, Japan signed a cultural agreement with East Germany and agreed to increase economic aid. Japan also agreed with Poland on expanding investment and scientific and technological exchanges. Prime Minister Nakasone also announced his plan to promote exchanges by inviting to Japan youths from various European countries.

Japanese mass media believe that Prime Minister Nakasone's recent tour of the four European countries has deepened mutual understanding and friendly relations with these remote countries and upgraded Japan's international position as well.

People's attention has also been drawn by the fact that Prime Minister Nakasone's European tour was linked to Japan's diplomacy toward the USSR. By visiting these European countries following the cancellation of General Secretary Gorbachev's visit to Japan in January, it is quite apparent that Prime Minister Nakasone wanted to indicate Japan's policy and position through his talks with these countries, which maintain friendly relations with the USSR, and thereby expand Japan's sphere of influence and strengthen Japan's position in its diplomacy toward the USSR. In this context, Prime Minister Nakasone's recent European tour can be regarded as a new step in expanding Japan's diplomatic activities.

SINO-JAPANESE WORKERS' EXCHANGE CENTER OPENS

OW280619 Beijing in Japanese to Japan 2130 GMT 27 Jan 87

[Text] According to a report by a Radio Beijing Tokyo correspondent, a Sino-Japanese workers' exchange center opened in Tokyo on 26 January after 2 years of preparation. The center is dedicated to deepening mutual understanding and friendship between the two nations through interchange of technical workers and exchanges between the working peoples of the two nations, thus contributing to China's economic construction.

Motofumi Makieda, former chairman of Sohyo [General Council of Trade Unions] was elected chairman of the center's board of directors. The inauguration was attended by some 100 representatives of various fields in Japan and [name indistinct], vice president of the Chinese Workers' Center for International Exchange.

FURTHER ON SRV, SIHANOUK TALKS PROPOSALS

RENMIN RIBAO Comments

BK240430 Beijing XINHUA Hong Kong Service in Chinese 0307 GMT 24 Jan 87

[Report: "Short commentary in 'RENMIN RIBAO' Exposes Hanoi's Ulterior Motives Behind Its 'New Proposal'" -- XINHUA headline]

[Text] Beijing, 24 Jan (XINHUA) -- Today, RENMIN RIBAO carries a short commentary entitled "What Kind of Stuff Is Vietnam's 'New Proposal'?" Following is the full text of this short commentary.

According to reports, the Vietnamese authorities recently put forward a "proposal" for talks between the Coalition Government of Democratic Kampuchea [CGDK] and the Heng Samrin regime in Phnom Penh. CGDK President Prince Sihanouk has unambiguously and resolutely rejected this Vietnamese proposal. Prince Sihanouk's speech represents the CGDK's righteous and just stand and voices the Cambodian people's aspirations.

It is known to all that the 8-year-old Cambodian issue is the result of the Vietnamese invasion of Cambodia. Since its beginning, the Cambodian war has been a war fought by the Cambodian people against the Vietnamese aggressors. Given this, in order to seek a political solution to the Cambodian issue through talks, the belligerent parties -- that is, the CGDK and the Vietnamese authorities -- should sit down and talk. This is basic common sense. However, the Vietnamese authorities want to play tricks and insist on pushing forward Heng Samrin's puppet government, which they prop up while hiding behind it. Their purpose is simply to change the nature of the Cambodian issue, to translate the Vietnamese invasion of Cambodia into a Cambodian internal affair, and to give a lawful status to Heng Samrin's puppet regime. The Vietnamese authorities have been dreaming of attaining this goal for 8 years. The purpose of all their previous proposals is to achieve this end. The so-called "new proposal" thrown out by Hanoi this time is just a new version of its old plots.

As pointed out by Prince Sihanouk, the Vietnamese authorities are forced to propose talks because their aggressor army in Cambodia is being bogged down. People should still remember that in the past, the Vietnamese authorities perversely shouted that the Cambodian issue is nonexistent and that the development of the situation in Cambodia is "irreversible." Now, it has no choice but to acknowledge the existence of anti-Vietnamese armed forces and of the CGDK and to propose talks. However, this does not show that Hanoi sincerely wants to settle the Cambodian issue. It is just scheming in a vain attempt to achieve what it cannot achieve on the battlefield. This is of course impossible.

In March last year, taking realities and the overall situation into consideration, the CGDK raised an 8-point proposal for settling the Cambodian issue politically. This 8-point proposal is reasonable, practical, and feasible and provides a blueprint for settling the Cambodian issue politically. Thus, it is extensively supported and endorsed by the Cambodian people and the international community. The Vietnamese are now trying to weaken and offset the growing influence of this 8-point proposal by raising a "new proposal." Obviously, they have miscalculated.

Soviets Reject Direct Talks

HK030904 Hong Kong AFP in English 0857 GMT 3 Feb 87

[Text] Beijing, Feb 2 (AFP) -- The Soviet ambassador in Beijing turned down Tuesday resistance leader Prince Norodom Sihanouk's offer of direct talks on Cambodia.

The Soviet Embassy said the prince should address his proposals instead to the Vietnamese-backed Heng Samrin government in Phnom Penh.

"Our position is that he should talk to the (pro-Vietnamese) Cambodian Government," said Vladimir Veselov, the embassy spokesman.

"I don't expect any change," in this position he added, but said he would look at what the prince had said.

Prince Sihanouk heads the U.N. recognized Coalition Government of Democratic Kampuchea (CGDK) which is engaged in a guerrilla war against the Heng Samrin regime. The prince told a press conference here Monday that he was ready for unconditional talks with Moscow.

"I want dialogue between Sihanouk and the Soviets without any conditions. I have many things to tell them," Prince Sihanouk said.

He said that the Cambodian people were the victims of disputes between China on the one hand and the Soviet Union and Vietnam on the other.

Only these three countries along with the Khmer Rouge could bring about a political solution in Cambodia, he said.

The Khmer Rouge, one of three factions in the CGDK, held power in Phnom Penh from 1975 until late 1978 when Vietnam invaded Cambodia.

INCREASED EXPORTS LESSEN TRADE GAP WITH EEC

OW020258 Beijing XINHUA in English 0250 GMT 2 Feb 87

[Text] Beijing, February 2 (XINHUA) -- Trade between China and the European Economic Community, which still favors the EEC, is beginning to even out, according to the PEOPLE'S DAILY OVERSEAS EDITION today.

In the first nine months of 1986, the volume of trade came to 7.9 billion European Currency Units. European countries made 1.6 billion more than Chinese traders which was down from 2.73 billion ECU in 1985

The paper attributes the change to increased export of Chinese goods to the EEC, noting that in 1987, the committee will post a permanent delegation in China and that both sides will hold a series of high echelon discussions in the future.

SINOCHEM OPENS OIL TRADING CENTER IN LONDON

OW010746 Beijing XINHUA in English 0737 GMT 1 Feb 87

[Text] London, February 1 (XINHUA) -- China opened an oil trading centre in London today to boost its business with the outside world.

Yang Dingan, former vice-chairman and managing director of China Resources Petroleum and Chemicals Co., Ltd. in Hong Kong, is appointed managing director of Sinochem Limited, a subsidiary of the China National Chemicals Import and Export Corporation, situated at King Street, St. James's near Buckingham Palace.

The company also engages in trade in chemicals, chemical fertilizers, natural rubber and rubber products, plastics, dyestuff, pigments paints and printing inks.

"We are optimistic about the company's future in view of London's important position in international trade," Yang Dingan told XINHUA. "We can also expand Sino-British trade as a consequence."

China National Chemicals Import and Export Corporation, set up in 1950, is the largest state foreign trade corporation, with a turnover of 11.1 billion U.S. dollars in 1985.

The corporation is doing business with firms in around 130 countries and regions in Asia, Europe, North America and Latin America through its local branches and 17 overseas agencies, representative offices and subsidiaries.

EXHIBITIONS FEATURE SHANGHAI CONSUMER GOODS

Bratislava Show Noted

OW211701 Beijing XINHUA in English 1553 GMT 21 Jan 87

[Text] Bratislava, Czechoslovakia, January 21 (XINHUA) -- The Shanghai consumer goods exhibition, the first staged by China in Eastern Europe, opened today in Bratislava, Czechoslovakia's largest city.

A large variety of export goods, including color television sets, cassette recorders, bicycles and clothing, were featured in the 300-square-meter display area of the Palace of Science in Bratislava, the capital of the Slovak Socialist Republic.

Apart from honoring the trade agreements between the central governments of the two countries, Shanghai, China's leading manufacturing city, has also established direct trade ties with several Czech cities in the past two years and trade volume of this nature has reached 7.5 million U.S. dollars.

The exhibition will close Saturday.

Warsaw Display Opens

OW021644 Beijing XINHUA in English 1433 GMT 2 Feb 87

[Text] Warsaw, February 2 (XINHUA) -- An exhibition for Poland's industrialists and traders of consumer goods produced in Shanghai, China's largest city, opened here today.

On display are electronics, textiles, clothes, food, handicrafts and sportswear. The exhibition is the first of its kind and runs until February 5.

HUNGARIAN PARTY OFFICIAL HAVASI VISITS SHANGHAI

OW251015 Shanghai City Service in Mandarin 0100 GMT 21 Jan 87

[Text] At the CPC Central Committee's invitation, Ferenc Havasi, member of the Politburo and Secretariat of the Hungarian Socialist Workers Party, arrived in Shanghai from Guangzhou last night for a 2-day visit.

COTTON PACT QUADRUPLES EXPORTS TO SFRY

OW210412 Beijing XINHUA in English 0230 GMT 21 Jan 87

[Text] Belgrade, January 20 (XINHUA) -- A Sino-Yugoslav trade contract was signed Tuesday in Belgrade on China's export of 20,000 tonnes of cotton to Yugoslavia.

The cotton deal, worth 30 million U.S. dollars, was the largest made between the two countries this year.

Last year, China for the first time exported 5,000 tonnes of cotton to Yugoslavia, which annually imports 140,000 tonnes of cotton.

China is the world's second largest cotton exporter, with its annual cotton yield ranking ninth in the world.

'SOURCES' SAY WANG RENZHI NEW PROPAGANDA CHIEF

HK030802 Hong Kong AFP in English 0744 GMT 3 Feb 87

[Text] Beijing, Feb 3 (AFP) -- The Chinese Communist Party has a new propaganda chief, Wang Renzhi, seen by analysts as a conservative figure, informed Chinese sources said here Tuesday.

He replaced Zhou Houze, 56, who had been suspended in late December for advocating greater freedom of expression in ideological debates, the sources said.

A RED FLAG spokesman refused to comment on the report that Mr Wang had become the party propaganda chief, while a spokesman for the party's International Liaison Department simply took note of questions on the matter.

Mr Wang, a member of the party Central Committee, has since 1982 been editor of the RED FLAG, the party's theoretical newspaper noted for its conservative line and in January he presided over a meeting at the newspaper on a current campaign against bourgeois liberalisation, the sources said. Informed Chinese sources described Mr Wang as a determined man who gets things done, and said he was one of the most forceful proponents of a 1983 campaign against "spiritual pollution" when for several months a wide range of Western values came under attack.

The head of the Propaganda Department has become a crucial post within the party coordinating the current campaign against Western influence, which followed a year of greater freedom of public debate and widespread student demonstrations across the country in December and early January, observers say.

The main propaganda line of the Communist Party is set by the leadership and the Standing Committee of the Politburo. But the head of the Propaganda Department has a large say in how these guidelines are implemented by the state's powerful propaganda machine which has shown its real influence in recent weeks.

Mr Zhou was seen as a close ally of former party Secretary General Hu Yaobang who was forced to resign January 16, and was suspended from office at the end of December for taking a too liberal line on ideological debate. "We should not confine ourselves to the framework of Marxism," he declared last year, and such statements are believed to have encouraged the development of freer debate on liberal ideas which developed among intellectuals and literary and cultural figures, sources said.

The Chinese propaganda machine has made a swift ideological turnaround in the past month, particularly in bringing to the fore revolutionary concepts such as the spirit of sacrifice and the benefits of collectivism, which had all but disappeared from the official lexicon.

Lengthy press articles have also criticised three well-known intellectuals recently expelled from the party for advocating bourgeois liberalisation -- the writer Wang Ruowang, astrophysicist Fang Lizhi and Liu Binyan, one of China's most respected writers and journalists.

Technically the Chinese press is responsible for deciding what it publishes, but Western observers say that it is the Propaganda Department that really sets the overall political line to be followed.

WEN WEI PO Reports

HK030152 Hong Kong WEN WEI PO in Chinese 3 Feb 87 p 1

[Report: "Wang Renzhi Replaces Zhu Houze as Head of the Propaganda Department of the CPC Central Committee"]

[Text] It has been learned from Beijing that Wang Renzhi has already assumed the post of head of the Propaganda Department of the CPC Central Committee. Formerly, Wang Renzhi worked as a deputy editor-in-chief of the journal HONGQI. The former head of the Propaganda Department has been transferred to work in the field of agriculture.

HU QIAOMU CRITICIZES ECONOMIST YU GUANGYUAN

HK230557 Hong Kong TA KUNG PAO in Chinese 23 Jan 87 p 1

["Special dispatch from Beijing" by reporter Kung Shuang-yin: "Yu Guangyuan Makes Report on the Relations Concerning Interests in the Socialist Economic Operation"]

[Text] Beijing, 22 Jan -- Noted economist Yu Guangyuan this morning delivered an academic report entitled "The Relations Concerning Interests in the Socialist Economic Operation" at the lecture hall of the Institute of Modern History under the Chinese Academy of Social Sciences. This is the 12th in his series of lectures "On Socialist Issues Concerning Political Economy."

Following the launching of the CPC's struggle against bourgeois liberalization, some of Yu Guangyuan's views have been criticized without naming his name. Last year, Yu Guangyuan publicly stated that "only by bowing our heads to look at money can we raise our heads and be forward-looking" and that "to be perfectly impartial and selfless, one must have self." These views were also carried by Shanghai's SHEHUI BAO. In his recent speech, Hu Qiaomu, member of the Political Bureau of the CPC Central Committee, criticized these views.

At present, Yu Guangyuan is still engaged in academic research and writing. During his lecture today, he expounded in detail on the relations concerning the interests of various economic entities in the socialist economic operation.

ZHONGGUO TONGXUN SHE BIOGRAPHY OF FANG LIZHI

HK130501 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1532 GMT 12 Jan 87

[Article by Hai Feng (3189 7364): "Fang Lizhi, the Man"]

[Excerpt] [passage omitted]

Fang Lizhi was born to the family of a postal clerk in February 1936 as a native of Hangzhou, Zhejiang Province. He was admitted into Beijing University in 1952 to read theoretical physics and nuclear physics. Then in 1956 he was appointed to the Institute of Modern Physics under the Academy of Sciences of China to engage in research in the nuclear reactor theory. He later shifted his interest to the areas of physics of the mass [tuan ti wu li 0957 7555 3670 3810] and laser devices and thus became one of the pioneer researchers in laser theory in China.

His outstanding performance in the research in relativistic astrophysics and high-energy astrophysics, especially in cosmology and black hole physics, has drawn the attention of his fellow researchers at home and abroad. As one of the few middle-aged division councillors of the Academy of Sciences of China, he has attended many international academic conferences. [passage omitted]

RENMIN RIBAO DISCUSSES DIRECT ELECTIONS

HK160837 Beijing RENMIN RIBAO in Chinese 14 Jan 87 p 1

[Commentator's article: "Do a Good Job of Electing County and Township People's Deputies"]

[Text] At present, the third round direct elections for deputies to the people's congresses at the county (city, urban district) and township (town) levels is now in progress in all parts of the country. This will further expand and ensure the people's democratic rights, reform, and improve the election system for grass-roots level power organs. So, it is of great significance in building and consolidating grass-roots level power organs in the cities and countryside. The Constitution stipulates that all power in the PRC belongs to the people. The organs through which the people exercise state power are the people's congresses at all levels. This is the basic political system in our country. Through electing their deputies to form state power organs at all levels, the people can directly exercise their democratic rights as masters of the state and can administer and decide on state affairs.

The election system in our country really reflects the will and interests of the people of all nationalities. The basic spirit of the election system is to give further play to socialist democracy, to institutionalize democratic practice and codify it in law, and to guarantee the people's right to administer state affairs in a legal form. Socialist democracy in our country is the broadest democracy, being enjoyed by the majority of the people. No capitalist country can realize such a high degree of democracy. Some people do not fully understand the essence of "democracy" in capitalist countries, and they do not cherish their democratic rights. They incorrectly put forward the demand for "total Westernization," trying to copy a whole set of Western democracies. Some people have even been aided and incited by a small number of bad elements to do something unfavorable to stability and unity. It is certainly wrong of them to do this.

Not long ago, the 18th meeting of the 6th NPC Standing Committee made a decision to revise both the election and local organization laws. In the revision of the election law, provisions about the qualifications of electors, the nomination of candidates, the election of people's deputies, and the leadership over direct elections at the county and township levels, were amended and replenished. This further improved and reformed the election system, and expanded the people's democratic rights, and it is in keeping with the actual condition of our country.

In order to achieve good results in this round of direct elections and to guarantee the people's democratic rights, we should pay attention to the following issues:

First, election affairs must be handled strictly according to law, and the wishes of the electors must be respected. The revised election law clearly stipulates legal procedures for elections and the democratic rights of the electors. The basic spirit of all this is to respect the wishes of the electors. The law ensures that electors have the right to freely elect people and to be elected. No political party, organization, or individual has the right to force electors to vote or not to vote for any person. [paragraph continues]

People who undermine the elections must be punished according to law. Electors should also cherish their own democratic rights and exercise these rights correctly.

Second, candidates should be nominated according to democratic procedures prescribed by law. In the current elections, various political parties and mass organizations can jointly or independently nominate candidates; a candidate can be jointly nominated by 10 or more electors; and an elector can make himself a candidate with the joint nomination of at least 10 other electors. All candidates nominated by parties, organizations, and electors must be included in the candidate name list, and be introduced to the electorate so that the candidates will also represent the interests and wishes of most people.

Third, according to the law, the number of candidates should be greater than the number to be elected, so that electors and deputies can select the candidates in light of their wishes. This will fully guarantee the election rights of the electors. Deputies and leaders of state organs who are elected in this way will achieve a broader democratic foundation.

In short, the people's democratic rights are sacred and inviolable and are protected by the law. Party committees, people's congress standing committees, and election committees at all levels must attach great importance to this work, strengthen their leadership over the elections, actually study and solve problems in the course of elections, and carefully and properly handle opinions and complaints put forward by electors about the election work, so as to make it a success.

JINGJI RIBAO ASSERTS OPEN POLICY TO CONTINUE

OW030256 Beijing XINHUA in English 0245 GMT 3 Feb 87

[Text] Beijing, February 3 (XINHUA) — The "ECONOMIC DAILY" says that China's policy of opening to the outside world will remain unchanged and more efforts will be made to improve the investment environment for foreign businesses.

In a commentator's article today, the paper says that bourgeois liberalization and the open policy are two entirely different things. The essence of the bourgeois liberalization is to negate the socialist system and it has nothing in common with China's state system and political system as laid down in the country's Constitution.

"We have always held that we should learn from advanced science and technology in foreign countries and use foreign investment to speed up our socialist national economy," the paper says.

It says that the fight against bourgeois liberalization will not affect China's open policy but will remove obstacles in the road of the national construction and ensure the better implementation of the policy of opening to the outside world.

"If we allow bourgeois liberalization to spread unchecked, China will become a country of turmoil and the open policy could not be carried out in a normal way," the paper says.

Noting that China has had closer and more economic cooperation with foreign countries since it began carrying out the open policy in 1978, the papers says that in China there are now 7,730 enterprises involving joint ventures, co-management projects or projects financed solely by foreign firms. "The facts have proved that our open policy is a policy of careful consideration and is a correct one," the paper stresses.

"While eliminating that obstacles in the road of our socialist construction, we will continue to implement the open policy and further improve the environment for foreign investment," the paper concludes.

COMMENTARY ON OPENING UP, ROLE OF INTELLECTUALS

HK030346 Shanghai SHIJIE JINGJI DAobao in Chinese 19 Jan 87 p 3

[Commentary: "Opening Up to the Outside World and Intellectuals"]

[Text] Conscientiously treating opening up as our fundamental national policy is unprecedented in China's long history. People without a high intelligence quotient can see that opening up is of great importance to our country, which has taken a difficult and tortuous road. If we look back at the progress of China's development after some years, we will realize that 1978, the year when the 3d Plenary Session of the 11th CPC Central Committee was convened, was as important as 1949.

Opening up is the largest reform. This historical decision, made by the whole nation at a high cost, of course has its clear targets and implications, that is, to learn advanced science and technology, generally applicable economic administration and management experiences, and other useful culture of all countries, including developed capitalist countries, in the world and to test and develop them in practice. If we fail to do this, it means ignorance and modernization cannot be built. As an unshakeable fundamental policy for our country, opening up is applicable not only to the building of material civilization, but also to the building of spiritual civilization.

This policy indicates the firm self-pride and boldness of a great nation. However, as a great nation that has learned a lesson from its history of protracted domestic trouble and foreign invasion, we must at the same time never lose vigilance and the ability to discriminate, must not treat an ulcer as a treasure, and must not bring in capitalist ideas and social system that safeguard exploitation and suppression and various decadent things.

However, some people hold different ideas on the policy of opening up, not only describing it as "the invasion of various cultures," but also equating it to "total Westernization." They hold that as China is opening up to the outside world, it is not necessary to "first talk about upholding the four (cardinal principles)." This is obviously a serious misinterpretation.

The theory of "total Westernization" has existed for a long time. People both at home and abroad have been advocating it for many years. But what is the result?

Even those industrially developed countries and regions in Asia still maintain their own national features despite their fully developed capitalist economy. None has really and "totally been Westernized." Of course, "total Westernization" is not a slogan accepted by all, even in these countries and regions.

In fact, the Western world itself is now facing serious social contradictions and a big spiritual crisis. It is attempting to seek a way out.

Furthermore, what we are building is socialism with Chinese characteristics. In the end, national nihilism not only has no historical inevitability, but also is unreasonable. [paragraph continues]

Regardless of its willingness or unwillingness, a modernized country eventually has its own national features, which cannot be comprehended in just the word "Westernization." It must be pointed out that many of the science, technology, and economic administration and management methods that economically developed Western countries now use and apply have the common features of modernized mass social production and are not equated with capitalist ones. This is a self-evident logical premise under which we are now adopting the policy of opening up to the outside world. If we depart from this and advocate that China should make up the lessons of capitalism, this is obviously a wrong conclusion drawn under a wrong premise.

Indeed, socialist practice is still in its elementary stages. But once China, which was backward in building modernization in modern history, puts on "the Cinderella shoe" of socialism, it will take striking steps in its development.

In China's modernization drive, intellectuals are now playing an important role without comparison in history. The intellectuals' role has changed remarkably since the 3d Plenary Session of the 11th CPC Central Committee. But some people still hold that "the greatest tragedy in China is that intellectuals do not have their due position." (From the article "Fang Lizhi Sighs Out the Greatest Tragedy in China After His European Tour" in issue No 316 of SHIJIE JINGJI DAO BAO, 1986) This judgement is extremely unfair, for it totally ignores the radical change in the intellectuals' role in recent years. Although some departments and areas have not yet solved the problem of attaching importance to knowledge and intellectuals, on the whole the intellectuals' tragedy during the ultraleftist period of the 10-year catastrophe has after all, come to an end. In the crucial period of China's current development, the essential thing is that intellectuals and other social members should make joint efforts to fight for their common ideals. If we lay too much emphasis on intellectuals' "independence," regardless of other members of society, and treat "lacking ideals and having too many individual plans" (this in fact does not conform with the reality) as the "hopes" of intellectuals of the 1980's, then it will run counter to the target of socialist modernization.

The hope of all Chinese, including intellectuals, lies in upholding the four cardinal principles in reform and opening up and in building socialism with Chinese characteristics.

JEIFANGJUN BAO STRESSES LEADERSHIP OF CPC

NK020301 Beijing JIEFANGJUN BAO in Chinese 13 Jan 87 p 1

[Commentator's article: "There Would Be No Socialist Modernization Without the Communist Party"]

[Text] When the PRC first came into being with the great victory of the revolutionary war, the Chinese people arrived at an indisputable conclusion: There would be no New China without the Communist Party. At present, the great cause we are undertaking is the four modernizations and building socialism with Chinese characteristics. Facts have proved, and will continue to prove, that there would be no socialist modernization without the Communist Party.

For some time past, a small handful of people advocating bourgeois liberalization have done their utmost to uglify our party, saying that the Communist Party has turned "black," and have openly proposed to "change the party," "to change the color of the party," and "to do away with the party leadership." They pointed the spearhead against the party and party leadership. We will not tolerate this.

Just open a book on modern Chinese history, and we can find many progressives and people with lofty ideals who sought truth, rushed about, and cried out to resist foreign invasion and to invigorate the Chinese nation. However, in the more than 5 decades before the birth of the CPC, all the anti-feudal and anti-imperialist struggles of the Chinese people "became an unfulfilled dream, and vanished into thin air." The revolution of 1911 made great historical contributions to overthrowing the last feudal dynasty in China; however, it failed to thoroughly complete the tasks of the democratic revolution. Many political forces did make attempts to play a role in the arena of modern China, but the results proved that none of them succeeded. It was not until the birth of the CPC that the Chinese nation became hopeful. Our party learned to combine the universal truth of Marxism with the specific practice of the Chinese revolution; the Chinese revolution began to march from one victory to another, and the situation of China's disintegration and disunity came to an end with the founding of the PRC. "There would be no New China without the Communist Party." This has long become a statement reflecting reality not some theoretical issue. The leadership status of the Communist Party is a choice determined by history and a demand reflecting the interests and will of the people of all nationalities in China.

Despite zigzags, we still have scored great accomplishments in our socialist cause in the 30-odd years since the founding of New China. World-shaking changes have taken place in China, which has been universally witnessed and acknowledged, and are undeniable. It is our earnest hope to step up the pace of socialist modernization and to make China prosperous as quickly as possible. To make our hope come true, we need to have a staunch core of leadership to unite and organize the people throughout the nation, to overcome all kinds of difficulties, and to make progress step by step in a down-to-earth way. Our party has mastered the scientific world outlook of Marxism and is capable of drawing up a correct political line based on China's national condition. It has strict organization and discipline, rich experiences in revolution and construction, both positive and negative, and high prestige in uniting the whole party and 1 billion people, as well as a large number of proletarian revolutionaries and backbone forces specialized in the administration of the party, the state, and the Army. No other organization whatever can hold a candle to it in these aspects. How can we adhere to the socialist orientation without CPC leadership? Who is capable of organizing such a large-scale economic construction as ours? Who is capable of leading such a complicated economic and political structural reform, and who is capable of the unprecedented undertakings of building spiritual civilization? Despite the fact that our party has made some mistakes and shown shortcomings of all kinds in leading the socialist cause, we believe that they can be overcome by reliance on our own efforts and by continuously summing up experiences. This has precisely proved that our party is strong, vigorous, and of great vitality.

Those people pursuing bourgeois liberalization have gone all out to create public opinion for "total Westernization" by seizing the chance of carrying out political structural reform, and have praised the Western multiparty system, with political parties taking turns in running the government, as having great magical power. They advocate that China should follow such a practice, which seems to them indispensable for modernization. This is extreme absurdity. It is socialist modernization, not otherwise, that we are building. The force capable of leading such a great cause can only be the CPC, the vanguard of the proletariat, armed with the scientific world outlook of Marxism, with the realization of communism as its ultimate goal. The political structural reform proposed by none other than the CPC itself is the self-perfection of the socialist political system, aimed at improving and consolidating party leadership; by no means should the reform weaken and do away with party leadership. To advocate the multiparty system in China means, in essence, doing away with the CPC leadership and the socialist system, and there could be no socialist modernization to speak of. [paragraph continues]

The multiparty system in capitalist countries seems to be very lively and democratic, "with one party stepping up onto the stage when the other steps down," but all this lively and democratic display is but the contention between different groups within the bourgeoisie; in the final analysis, they are for safeguarding the interests of the bourgeoisie and the capitalist system. If such a practice were "imported" into China, the consequence could only be sabotaging the socialist cause and the repetition of disintegration and disunity in China. Could it be otherwise? The CPC is the faithful representative of the interests of the people of all nationalities in China; aside from the interests of the working class and the people, it has no special interests of its own. The staunch leadership of the party will best guarantee the rights of the people as masters of the country. A high level of socialist democracy is one of the goals that our party is striving for. Under CPC leadership, the people's democracy in China is becoming complete and perfect step by step. This is genuine democracy, as well as the democracy of the overwhelming majority of people, with which Western capitalist countries cannot compare.

The PLA is the people's armed forces initiated and led by the CPC. A basic principle for building the Army, as well as a fine tradition of the PLA, is to support and obey party leadership, and to resolutely uphold the party line, principles, and policies. We will naturally resolutely oppose all words and actions negating the party leadership. The PLA grew from small to great, and from weak to strong; united as one, it fought heroically, overcame all kinds of difficulties, and defeated strong enemies; and a fundamental factor was precisely its reliance on the party leadership. Now, when China has entered a new historical stage, we should still continuously strengthen the party's absolute leadership over the Army, no matter how different the situation and tasks facing the Army. The recently held enlarged session of the Central Military Commission on strengthening political work in the Army also made guaranteeing the party's absolute leadership of the Army the key issue. Only by adhering to this point will it be possible to always maintain the nature of the people's Army, to basically upgrade the combat effectiveness of our troops, and to make still greater contributions to defending and building the motherland.

WANG ZHEN ON FIGHTING BOURGEOIS LIBERALIZATION

HK291410 Beijing RENMIN RIBAO in Chinese 27 Jan 87 p 1

[Report by correspondent Yin Pinduan (1438 0756 4551): "Wang Zhen Calls on Theoretical Workers To Participate in the Struggle Against Bourgeois Liberalization"]

[Text] More than 50 professors and associate professors of the Central Party School gathered on the morning of 26 January to discuss the issue of upholding the four cardinal principles and opposing bourgeois liberalization. President Wang Zhen attended the forum.

Wang Zhen said that our modernization program needs a peaceful and tranquil environment at home and abroad characterized by long term stability and unity. However, the trend of bourgeois liberalization that ran rampant recently has seriously affected the reform, opening up, invigoration of the domestic economy, smooth progress of socialist economic construction, and the situation characterized by stability and unity. The Central Party School should give full play to its role of studying and publicizing Marxism-Leninism-Mao Zedong Thought and take an active part in the struggle to criticize bourgeois liberalization politically and ideologically. [paragraph continues]

While explaining the policies of reform, opening up, and invigoration of the domestic economy, the Central Party School, with a clear-cut, stand, should justly and forcefully publicize the importance of upholding the four cardinal principles and opposing bourgeois liberalization. Wang Zhen also encouraged the comrades engaged in research and teaching to undertake the heavy responsibility of strengthening the combat effectiveness of the theory of Marxism-Leninism-Mao Zedong Thought and enhancing ideological and political work. They should train and educate our party and government cadres to have a correct understanding of basic Marxist theory and unite them closely around the CPC Central Committee so that there is no room for maneuver for bourgeois liberalization.

The professors and associate professors attending the forum held the consensus view that the situation characterized by stability and unity can be maintained and the modernization program and various reforms can develop smoothly only by upholding the four cardinal principles with a clear-cut stand.

The comrades who took the floor at the forum pointed out that the struggle to uphold the four cardinal principles and oppose bourgeois liberalization is the continuation of the struggle waged by the 2d Plenary Session of the 12th CPC Central Committee on eliminating spiritual pollution. The struggle is related to the destiny of the party, the future of socialism, and the success or failure of the building of the four modernizations. They enumerated the speeches made by a handful of elements which advocated bourgeois liberalization and negated the four cardinal principles and expressed their determination to take an active part in the struggle.

In their speeches, the professors and associate professors said that the Central Party School is a school for training leading cadres and an essential theoretical front of Marxism-Leninism-Mao Zedong Thought as well as the front to defend Marxism-Leninism-Mao Zedong Thought. Bourgeois liberalization should be criticized in the entire course of our teaching and research.

REFORM NEEDS STABLE SOCIAL, POLITICAL ENVIRONMENT

HK310500 Beijing JINGJI RIBAO in Chinese 16 Jan 87 p 1

[Commentator's article: "We Need To Maintain a Good Social Environment for the Sake of Reform"]

[Text] Economic structural reform in China is a matter of primary importance in the 1980's, and a profound revolution. It should be carried out unswervingly. When meeting with Noburu Takeshita, head of the Japanese Liberal-Democratic Party, Comrade Deng Xiaoping pointed out: "China will uphold the existing guiding principle and policy, the policy of reform and opening up in particular." This fully conforms with the interests and desires of the people throughout the country.

Reform and opening up is a policy decision based on summing up the experience in socialist construction of the past 30 years or so by the party Central Committee. Over the 8 years since the 3d Plenary Session of the 11th CPC Central Committee, we have won one victory after another in reform because we have upheld the four cardinal principles, conscientiously implemented the guiding principle of opening up to the outside world, and enlivened the domestic economy. [paragraph continues]

Reform is advancing gradually from the rural to urban area, from the field of distribution to the fields of production and circulation, from microeconomic layer to macroeconomic layer, and from reform in a single project to an overall reform which forms a complete network. Reform has unprecedentedly invigorated our country's economy, made our market prosperous, and constantly improved people's livelihood. Our country is now in the best economic and political state. All this has been personally experienced by the people throughout the country, and unanimously praised by people both at home and abroad. We firmly believe that as long as we persist in following this path, our socialist economic and political system will become increasingly perfect, our socialist economy more and more active, and the superiority of our socialist system will be more effectively demonstrated. Reform and opening up is a correct path for making our country powerful and our people prosperous, and is where the hope of our country and nation lies. We must firmly persist in carrying out reform and the policy of opening up.

The historical experience of reform over the past 8 years has told us: To carry out reform, we must first of all have a political situation of stability and unity; otherwise, we will accomplish nothing in reform and opening up. If the society is in a state of chaos, it will be impossible for people to devote their time and efforts to reform, let alone study any plan for reform. If our country is in a state of unrest and chaos, who will dare to make investment and cooperate with us? This will inevitably delay the process of the four modernizations program, and slow down the progress of reform and opening up. During the 10 years of turmoil, everything was turned upside down, and we could do nothing under such circumstances. Our national economy was on the verge of bankruptcy. Such a bitter lesson is still fresh in our minds. We believe that all revolutionaries and patriots are not willing to see the repetition of such history. Similar events have happened in foreign countries, from which we can draw lessons. Therefore, to carry out reform and the policy of opening up, we must first of all have a political situation of stability and unity. Such a situation can develop only under the prerequisite of upholding the four cardinal principles. Without the party leadership, our country will be again reduced to a semi-colonial and semi-feudal society characterized by disintegration, disunity, unrest, and chaos. If we fail to uphold the socialist road, our reform will go astray. Reform means self-improvement and development of the socialist system, rather than bourgeois liberalization and the capitalist road. If we let bourgeois liberalization preached by a handful of people spread unchecked, people's minds will be confused and social unrest will occur. This will impede the smooth progress in reform and the implementation of the policy of opening up, or even lead us to go astray. In this regard, we must keep a clear head and resist those words and deeds which undermine the four cardinal principles and are deliberately aimed at creating political unrest. Some people are worried about the possibility of changing the existing economic policy and affecting reform as a result of opposing bourgeois liberalization. It is completely unnecessary for them to do so. Reform and bourgeois liberalization are two completely different matters. Opposing bourgeois liberalization will ensure a good political environment rather than shaking our confidence in persisting in reform.

Reform is a complicated and systematic social project that deals with a wide range of important questions and principles. Exploration should be made in many fields. Almost every measure for economic structural reform will involve the financial resources of the state the people's livelihood and the interests of various quarters. Therefore, while proposing any of these measures, we should take into account the financial and economic situation of the state, and the psychological reaction of the society. Reform can only be carried out in an orderly way and step by step. We should not be impatient for success and violate the objective law. The fulfillment of the long-term objectives of reform is a historical process. [paragraph continues]

Just as Comrade Deng Xiaoping has pointed out: "Reform must be carried out not only by people of ~~our~~ generation, but also by people of the next generation." Making an ideological preparation for a protracted struggle is only a practical attitude.

At present, reform is advancing and the situation is good. Under the unified leadership of the party, we must carry out reform in an orderly way. We must be both bold and cautious. We must sum up experience in a timely manner and make steady progress. A socialist system with Chinese characteristics has been growing healthily and strongly in the East, and will shed its gorgeous rays in the history of mankind.

JINGJI RIBAO on 'TOTAL WESTERNIZATION'

HK301216 Beijing JINGJI RIBAO in Chinese 13 Jan 87 pp 1, 3

[Commentator's article: "Reviewing the Past Helps One Understand the Present -- Practice in Two Historical Periods Has Proclaimed the Bankruptcy of 'Total Westernization'"]

[Text] Shortly after the PLA crossed the Chang Jiang in April 1949, it eliminated the enemy troop remnants south of the Chang Jiang and in the southwest and northwest with the momentum of an avalanche in summer. The KMT reactionary rule disintegrated and was doomed to defeat. The dawn of a brand new people's republic emerged on the horizon. At this juncture of critical change, a small number of "democratic individualists" started a polemic. Its topic focused on who should lead the new republic soon to be founded, what road should be taken, and what political structure should be adopted. These democratic individualists said that the KMT was no good but the CPC could be no better, so they imagined a third road and admired the practice of the Western bourgeoisie. At this critical juncture, Comrade Mao Zedong issued the famous "On the People's Democratic Dictatorship," and answered in a clear-cut way those questions of principle that had a bearing on the fate of the state and the nation: "To sum up our experience and concentrate it in one point is the people's democratic dictatorship under the leadership of the working class (through the Communist Party), based on the alliance of workers and peasants." "This is our formula, our principal experience, and our main program." History developed precisely based on the law governing itself -- namely, the will of the people -- and soon the founding of the PRC summed up this polemic. Chinese history then began a new chapter.

More than 37 years have since passed. The CPC has led the Chinese people in the great socialist practice in a big country that is economically and culturally backward and contains one-fourth of the world's population. Despite the emergence of all kinds of shortcomings and mistakes for objective as well as subjective reasons, the accomplishments and progress made over the 3 decades and more are universally acknowledged and unprecedented in Chinese history. However, in this excellent situation, a very small handful of people who pursue bourgeois liberalization have taken advantage of reform and opening up and proposed the theory of "total Westernization" that has long been negated by history, while opposing the four cardinal principles, which have already been written into the Constitution. A polemic started by a handful of people is again inevitable. Therefore, that it will be very necessary and helpful to people is again inevitable. Therefore, it will be very necessary and helpful to us, young people in particular, to review the historical fact more than 3 decades ago by linking with today's realities, for reviewing the past helps one understand the present.

In his article "On the People's Democratic Dictatorship," Comrade Mao Zedong reviewed the history of more than a century prior to the founding of the PRC. Before Marxism began to spread in China and the founding of the CPC, Chinese progressives went through untold hardships in their quest for truth from Western countries. They studied Western science and technology as well as Western social sciences, believing that these would save China. However, what they learned was proved unfeasible in China, and their ideal never came true. Many times they struggled, but each time they suffered failure, and many people with lofty ideals had dedicated their lives. The October Revolution sent Marxism to China; the CPC was founded, and the Chinese revolution became hopeful. In desperation, Dr Sun Yat-sen met the CPC and expressed his wish to cooperate with it. However, Dr Sun Yat-sen soon passed away, and Chiang Kai-shek betrayed the revolution, and his rule over 2 decades brought China to an impasse. Western bourgeois civilization, bourgeois democracy, and the bourgeois plans all went bankrupt in the eyes of the Chinese people. The petit bourgeoisie, the capitalists, the feudal warlords, and the bureaucrat-compradors had one by one made their debut in the Chinese political arena, but they all failed. One by one they were all spurned by the people. The millions upon millions of Chinese people learned from personal experience that only the CPC will save China, and only socialism can save China. This is the inevitable result of China's historical development, and the selection made by the Chinese people through summing up their own experiences through long-term struggles.

Why is it that things abandoned by the Chinese people over 3 decades ago are now taken up again as something precious by some people? One premise they hold is that Chinese socialist construction has failed.

But is this true? No! What the KMT left us in 1949 was a mess: political corruption, destitution, prices sky rocketing, and dire poverty for the masses. It had been more than half a century since the first iron and steel works (the Wuhan Iron and Steel Works, in 1894,) the first textile mill (the Shanghai Machine Textile Bureau, in 1890) and the first tertiary educational institute (the Beijing Teachers University, in 1820) were built in China prior to the founding of the PRC. By 1949, the gross industrial and agricultural output value was 46.6 billion yuan, national income was 35.8 billion yuan, steel output was 158,000 tons, coal output 31 million tons, cloth 1.89 billion meters, and grain 113.2 million tons; and it took half a century to achieve this. By 1985, China's gross industrial and agricultural output value was 1,326.9 billion yuan and the national income was 676.5 billion yuan, up by 328 and 18 times respectively from 1949. In 1986, steel output hit a record of 40 million tons, coal output was 880 million tons, and grain output was 390 million tons; of which steel output grew by 316 times from 1949. (Annual steel output rose from 500,000 to 50 million tons; to achieve this took both the United States and Japan 52 years, the Soviet Union 65 years, and West Germany 95 years.) Such a rate of development was unprecedented in Chinese history. Under CPC leadership, a poverty-stricken, backward, and dark old China was built into a unified, stable socialist New China with tremendous political and economic accomplishments in a short span of some 30 years. Anyone who respects facts cannot but acknowledge that China's socialist construction over the past some 30 years has been successful.

Some people oppose such "vertical comparison," comparing China's present with its past; and are for horizontal comparison, comparing China with foreign countries. Horizontal comparison is necessary. Compared with developed countries at present, our level of economic development, culture and technology, as well as of management are really comparatively backward. [paragraph continues]

However, when we make such a comparison, it serves to make us see the gap, to stimulate our drive, to improve our capital and technology, to learn from them all that is useful to us, and to step up our rate of development. But when some people make such horizontal comparison, they aim at proving that "socialism is inferior to capitalism." Such an argument might serve to bewilder some rather naive young people who do not quite understand the history of old China. Even some comrades who believe in socialism are not so sure of themselves facing the challenge of such an argument. Here we must point out that those people who have gone in for bourgeois liberalization are just playing a trick of altering concepts, namely, confusing two development stages and two different social systems. Socialism as a social system never existed in human history. Compared with the capitalist system, which already has a history of 3 or 4 centuries, socialism is still in its childhood and in a different development stage regarding economic and culture levels; therefore, it does not prove that the capitalist system is in any way superior to the socialist system. It is neither scientific nor realistic to draw an analogy in an oversimplified way, demanding that socialist countries still in their childhood have a meteoric economic rise. Some people often refer to the rather rapid economic development of some small countries and regions, make this a footnote to support their argument that "socialism is inferior to capitalism," and deliberately evade the fact of the abnormal economic development as well as the massive dependence of these countries and regions on others. Regarding this, we should likewise say boldly and with assurance: "We will never take that road in developing our economy!"

China's feudal society lasted especially long, while socialism emerged from a semifeudal and semicolonial society. Therefore, "it is in every respect -- economically, morally, and intellectually -- still stamped with the birthmarks of the old society from whose womb it emerged." (Marx: "Critique of the Gotha Program") Moreover, some mistakes took place because of our lack of experiences, and the display of socialist superiority and the speed of development has been affected. However, these are not innate in the system itself. Socialism in practice is still not complete and perfect, and is immature. This is why we should care for it all the more, redouble our efforts in work, and carry out reform based on the principles of the CPC Central Committee to bring forward the superiority and potentials of the socialist system. We are sure that in the not-too-distant future, China will certainly catch up with and surpass developed capitalist countries in economy, science, and culture.

Another premise of the little handful of people pursuing bourgeois liberalization is that "the party has turned black." This is sheer slander and a vicious attack!

Without the CPC, there would not have been a New China; without the CPC, there would not have been socialist modernization. The CPC is armed with Marxism, it is a party with the final goal of communism as its historical mission, it is armed with strict discipline, and it is rich in the spirit of self-criticism. In revolution and construction undertakings over several decades, the party has established flesh-and-blood links with the people, gained high prestige, and won the support of the people throughout the country. Without the leadership of such a party, a country like ours which is comparatively backward economically and culturally, consisting of many nationalities, and imbalanced in economic development, is sure to disintegrate. This has been proved by history. The Revolution of 1911 led by Dr Sun Yat-sen overthrew the Qing Dynasty; however, the bourgeoisie, which was congenitally deficient, was incompetent to lead the Chinese revolution and was soon bogged down in the complex wars of the warlords.

The CPC's history is one of correctness overcoming mistakes, and the bright side conquering the negative side within the party. The CPC Constitution explicitly proclaims: Aside from the interests of the working class and the people, the party has no special interests of its own. Therefore, the party has never concealed or tolerated any shortcomings and mistakes that impede socialist modernization and the interests of the people, and has fought against them resolutely. In particular after the 3d Plenary Session of the 11th CPC Central Committee, our party summed up the experiences and lessons since the founding of the PRC and brought order out of chaos. Immediately after that, it conducted party rectification and opposed unhealthy tendencies. It has done a lot of work, and scored good results. Whether a party is full of vitality or not does not depend on absolutely guaranteeing no emergence of negative phenomena, but whether this party is capable of fighting against its own shortcomings and mistakes and expelling all bad elements, careerists, and speculators from the party.

China is in a new historical period, and every one of us should study anew. All who support the four cardinal principles should draw a demarcation line against a small handful of people pursuing bourgeois liberalization and stand at the forefront of the struggle against bourgeois liberalization.

The present situation is fine. A firm and unshakable principle of the CPC Central Committee is to carry out economic structural reform and political structural reform and to build socialist spiritual civilization, with economic construction as the center. Adherence to the four cardinal principles is the guarantee for implementing this principle. A handful of people pursuing bourgeois liberalization can never change the direction of historical development and can never stop the progress of construction, reform, and opening up. The result of the polemic that took place 30-odd years ago was the birth of a new People's Republic. Through our polemic today, the effects of some erroneous ideas will be eliminated, and all our construction and reform undertakings will be developed all the more smoothly. Through the unremitting efforts of a decade or two and even longer, a modern socialist China with a high level of democracy and culture will emerge in the East.

PLA PAPER REJECTS 'WHOLESALE WESTERNIZATION'

HK020449 Beijing JIEFANGJUN BAO in Chinese 19 Jan 87 p 3

[Article by Li Deyun (2621 1795 6663): 'Wholesale Westernization' Is Turning the Clock Backward in History"]

[Text] By firmly and methodically carrying out reforms and implementing the opening up policy, our party has given impetus to the steady development of our cause of socialist construction. However, some people are vainly trying to obliterate our great achievements by advocating "wholesale Westernization." Although this is nothing but a reemergence of the dregs of history, these people can deceive inexperienced young people somewhat. To put it bluntly, "wholesale Westernization" means full-scale capitalist transformation. In socialist China, propaganda and instigation in connection with this are absolutely not permitted.

Fundamentally, "wholesale Westernization" is in contradiction to the basic conclusion we have reached in summing up long historical experience that we should "build socialism with Chinese characteristics." In his opening speech at the 12th party congress, Comrade Deng Xiaoping emphatically pointed out that: "To integrate the universal truth of Marxism with the concrete realities of China, blaze a path of our own, and build socialism with Chinese characteristics -- this is the basic conclusion we have reached in summing up long, historical experience." [paragraph continues]

This basic conclusion is a guiding principle for building our country into a modern socialist power. Two things should be pointed out here. They are, first, "socialism," and second, "Chinese characteristics." To carry out "wholesale Westernization" is, as some people have openly put it, to transplant into our country the "science, technology, culture, politics, ideology, and ethics" of the capitalist countries of the West without modifying them. This is incompatible with our national conditions and is a rejection of our socialist road. To smoothly carry out socialist modernization, it is necessary for us to learn from foreign countries and their experience. However, this learning and introduction must be based on the country's actual conditions and should be conducive to speeding up the country's socialist modernization and to consolidating its socialist system. As far as things from foreign countries are concerned, we should discard the dross and select the essence and selectively and discriminately assimilate them. We must not indiscriminately copy them. We cannot regard the Soviet experience as our model. Still less can we regard everything in the capitalist countries of the West as something valuable and advocate "wholesale Westernization." Ours is a socialist country with a population of 1 billion, of which 800 million are peasants, and a weak economic base. Its social circumstances, historical conditions, and cultural heritage are different from those of the capitalist countries of the West. This dictates that its socialist modernization must be based on its national conditions. What we are carrying out now is Chinese socialist modernization, not Western, capitalist modernization. The type of democracy we are striving for is socialist democracy. Its purpose is to further consolidate the people's democratic dictatorship and to enable the masses of people to more properly exercise their democratic rights as the masters of their own affairs. This type of democracy is different from the hypocritical capitalist democracy enjoyed by a few members of the bourgeoisie. The spiritual civilization we are trying to build is a socialist spiritual civilization guided by Marxism. Its purpose is to improve the whole nation's ideological, ethical, and cultural qualities and scientific knowledge and to develop a new type of equal and friendly relations between people. We are not trying to build a capitalist spiritual civilization, which is based on private ownership and which puts money first in everything. Confusing one social system with a fundamentally different one and advocating "wholesale Westernization" means social retrogression, not social progress, and is against the people's fundamental interests.

By advocating "wholesale Westernization," people have seriously distorted the party's principles on reforms and opening the country to the world. Some people view the party's reforms and its implementation of an opening up policy with a mentality marked by antipathy and gloom. They apparently think that the party advocates reforms and an opening up policy because socialism is no longer applicable. Thus, they want to seize this opportunity to replace socialist things by capitalist things. According to these people, to "reform" is to completely change things on the basis of the capitalist model, and to "open" is to let in all capitalist things. This is an arbitrary distortion of the party's principles on reforms and opening the country to the world. The reforms are called for by the self-perfection of the socialist system. We are trying, by relying on the strength of socialism, to overcome the weaknesses in the economic, political, and educational systems and the weaknesses in the systems governing scientific, technological, and cultural work, in order to give full play to the superiority of socialism. Comrade Deng Xiaoping once emphatically pointed out: "In the course of the reforms, we should adhere to two basic principles: First, the principle of the dominant role of the economy under socialist public ownership, and second, the principle of mutual prosperity." This means that we are to carry out reforms and implement the opening up policy on the premise that we will hold firm to the basic socialist system. We absorb foreign capital, import advanced technology and facilities, and learn from other country's management experience on the basis of the principles of independence, self-reliance, and holding firm to the socialist system. [paragraph continues]

The capitalist countries have well-developed productive forces and some other good things for us to learn. However, in capitalist countries, there are also the decadent and moribund things that are inherent in capitalism. Insightful politicians, philosophers, and sociologists are aware of this and are distressed not to be able to shake off this burden. Should we also introduce troubles from the West as if they are valuable? Based on different principles, the pursuit of an opening up policy and the introduction of things from the rest of the world can lead to different conclusions and consequences. One view is that the socialist system is superior to the capitalist system and that the purpose of the pursuit of an opening up policy and of the introduction of things from the rest of the world is to perfect the country's socialist system. Another view is that the capitalist system is superior to the socialist system and that the purpose of all this is to replace socialism with capitalism. Advocates of "wholesale Westernization" have openly asserted: "Judging by our socialist system, what we did in the past 30 years has been a failure." Thus, the purpose of their so-called pursuit of an opening up policy and introduction of things from the rest of the world is to reject the country's socialist system and to introduce a capitalist system. This is absolutely unacceptable to us.

"Wholesale Westernization" is also totally against the will of the masses of people. The socialist system is a necessary conclusion of the development of Chinese history and a resolute choice made by billions of Chinese people in the course of their protracted struggle. In modern Chinese history, for the sake of their motherland's independence and prosperity, revolutionary forerunners, represented by Hong Xiuquan, Kang Youwei, and Sun Yat-sen, attempted to make the country economically and militarily strong by adopting Western methods and by taking the capitalist road. However, repeatedly frustrated, their efforts have been a failure. The KMT has always wanted to take the capitalist road. After trying for more than 20 years, they brought about a collapsed economy, political corruption, widespread bankruptcy, and poverty. Even on the eve of the founding of the country, there were still people who had illusions about capitalism. Of course, their illusions vanished into thin air in the end. Precisely under CPC leadership, the Chinese people have, by summing up their positive and negative experience in the course of their protracted struggle, gradually realized that only socialism can save China and turn it into a prosperous country. Under the party's leadership, the Chinese people built New China and enabled their great motherland to rank among the world's independent countries after fighting, unyieldingly and with much sacrifice, for more than 30 years. Since then, after exploring and fighting hard for another 30 years under the party's leadership, they have been able to gradually master the laws governing socialist construction and to embark on building socialism with Chinese characteristics. As a result of all this, the country's economy is rapidly developing and the people's livelihood steadily improving. The Chinese people, who have secured their right to be the masters of their own affairs and who have established a wonderful socialist system characterized by the absence of exploitation of man by his fellow human beings, will definitely not backtrack by taking the road of "wholesale Westernization" and by trying to turn China into a capitalist country.

An important reason why the advocates of "wholesale Westernization" can mislead some young comrades is that these young people's knowledge of the past and present of the developed capitalist countries is far from comprehensive. They do not profoundly realize the exploitive nature of the capitalist system and their knowledge of the past and present of their socialist motherland is inadequate. Thus, they do not fully understand the necessity of the socialist road and the superiority of the socialist system. [paragraph continues]

Although economically, scientifically, technologically, and culturally the country is still far behind the world's developed countries, this is a result of various historical factors. Capitalism has a history of several hundred years. Our socialist cause is just a little more than 30 years old. Given our semicolonial, semifeudal society and its backward economy in old China, it is impossible for us to overtake the developed countries in 30 years or so. However, we must not, just because of this, obliterate the essential difference between the two systems, try to obscure our understanding of the superiority of the socialist system, or allow our faith in socialism to become infirm. We should study a little contemporary Chinese history and a little history of the development of capitalism in the West, in order to correctly implement the party's principles on reforms and opening the country to the world, to resolutely oppose bourgeois liberalization, to unswervingly follow the party in building socialism with Chinese characteristics, and to build China into a highly democratic and highly civilized socialist power.

LIAOWANG ON FREEDOM OF SPEECH, PRINCIPLES

HK290317 Beijing LIAOWANG in Chinese No 3, 19 Jan 87 p 4

[Article by Hua Ding (5478 0002): "The Prerequisite for Freedom of Speech Is the Four Cardinal Principles"]

[Text] Recently, while preaching the ideology of bourgeois liberalization, a minority of people have also been actively talking about freedom of speech.

The second chapter of our country's Constitution, which is entitled "The Basic Rights and Obligations of Citizens," clearly states that the citizens of the PRC enjoy freedom of speech. However, the "preface" of the Constitution also explicitly points out that the people of all nationalities of our country must stick to the people's democratic dictatorship and the socialist road under the leadership of the CPC and the guidance of Marxism-Leninism-Mao Zedong Thought; the "General Principles" of our Constitution also clearly stipulate that our country's literary and art, press, broadcast, and television as well as publication undertakings are deemed to serve the people and socialism, which means that we cannot ignore the four cardinal principles in talking about freedom of speech. It is only by adhering to the four cardinal principles that we can correctly exercise our sacred right of freedom of speech bestowed on us by the Constitution. We can also say that freedom of speech is both a right and an obligation. Therefore, we must observe the four cardinal principles when exercising freedom of speech.

Historically, our country was once under the feudal rule for several thousand years. After the Opium War, our country was reduced to a semi-feudal and semi-colonial society. To build the socialist democracy on such a basis in our country and in our whole society will certainly be a long process. The socialist democracy can only be realized step by step and cannot be realized overnight. As far as the individual citizens are concerned, it will also take them some time to gradually understand and then to correctly exercise the socialist democracy. However, at present our country's socialist democracy is still not yet perfect because after the liberation of the whole country, we did not carry out in a practical way the building of democratic politics. During the 10-year turmoil, democracy was again seriously destroyed. As far as the implementation of freedom of speech is concerned, we still have a lot of work to do.
[paragraph continues]

For this reason, since the 3d Plenary Session of the 11th CPC Central Committee, our party has summed up the historical experiences and lessons and adopted measures to speed up the process of democratization of our country's political life, economic management, and social life. This is a fact obvious to all.

Although our country's democracy is not yet perfect, history has already proved and will continue to prove that the socialist democracy is really the most thorough democracy in the history of mankind. "All the rights of the PRC belong to the people," and only socialism can enable the biggest majority of the people of our country to enjoy the real rights of democracy and freedom.

Those who have been talking about freedom of speech often take delight in talking about freedom of speech in the Western countries. The real situation in the Western countries is not exactly what they think.

Not long ago, a Hong Kong newspaper published an article written by Chinese-American scholar Yang Rixu. The article cited legal precedents of the U.S. Federal Supreme Court and pointed out that freedom of speech stipulated in the Constitution of the United States is restricted and not guaranteed in at least 18 aspects. (We all know that the final right of interpretation of the right of freedom of speech of the United States belongs to the U.S. Federal Supreme Court.) At the end of the article, the writer said: "To sum up: 1) Freedom of speech of the United States is not absolutely unrestricted in peacetime, and is particularly restricted during wartime; 2) freedom of speech is both a right and an obligation, so it is not allowed to harm the public security or violate the rights of others; 3) the exercise and guarantee of freedom of speech is presupposed by the existence of a constitutional government, and freedom of speech can only be exercised according to the law and cannot defy laws human and divine; and 4) although the government is not allowed to encroach on absolute speech, it still intervenes in the illegal speech involving actions."

I can also cite another example: Not long ago, this incident took place in Washington: At a press conference, a woman reporter of the "Radio Marti program," which is under the U.S. Information Agency and the "Voice of America," asked the question: Will the United States sever its diplomatic relations with Nicaragua so as to put pressure on the Nicaraguan Government?

As a result, she was ordered not to enter the gate of the White House in the future. The next day, her boss also publicly accused her of violating the regulations governing the reporters of the U.S. Government's news agency asking questions at formal press conference, and said that she was not a competent reporter. Can incidents like this explain the "freedom of speech" over there?

The slogans of democracy and freedom were first put forward by the bourgeois thinkers of the Enlightenment period in an effort to oppose and topple the feudal rule. These slogans once played a progressive role in history. However, after the bourgeoisie established its own rules, it began to impose various restrictions on democracy and freedom. Some people think that democracy means "taking I as the center of all," and freedom means that "I can say what I want to say, and I can do what I want to do." In fact, such type of democracy and freedom cannot be found in any country in the world.

To build a high degree of socialist democracy is the objective of our struggle. However, socialist democracy is inseparable from the socialist legal system and socialist discipline. [paragraph continues]

This is just what the "Communique of the 6th Plenary Session of the 12th CPC Central Committee" pointed out: "The legal system not stressing the socialist democracy is absolutely not the socialist legal system, whereas the democracy not stressing the socialist legal system is absolutely not socialist democracy." To preach bourgeois liberalization in the name of "freedom of speech" will fundamentally violate the four cardinal principles and run contrary to the interests of the Chinese people and China's realistic situation, and therefore will surely be opposed and condemned by the broad masses of the Chinese people.

GUANGMING RIBAO ON REFORM, INVIGORATING ECONOMY

HK240731 Beijing GUANGMING RIBAO in Chinese 19 Jan 87 p 1

[Commentator's article: "Adhere to Overall Reform, Keep Opening Up to the Outside World, and Persist in Invigorating the Domestic Economy -- On the Connection Between Fighting Bourgeois Liberalization and Persisting in Reform, Opening Up to the Outside World, and Invigorating the Domestic Economy"]

[Text] Overall reform, opening up to the outside world, and invigorating the domestic economy constitute a basic state policy of our country which must be carried forward, and the four cardinal principles form the foundation for building our country and must never be shaken even a little. Two parts complement each other without coming into any conflict.

Reform and opening up must be carried out under the premise of adhering to the four cardinal principles; otherwise, they may go awry. The four cardinal principles can be full of vigor and display strong vitality only in the process of reform and opening up, and only thus can they be more effectively and really put into practice.

The current policies of our country, especially the policies of reform and opening up, were formulated under the guidance of the four cardinal principles, and they also serve the purpose of more effectively carrying out the four cardinal principles. Our ongoing economic structural reform will enable us to shake off the ossified economic pattern that we copied from another country in the past, will overcome some defects in our economic structure, and will establish a planned commodity economy full of vigor and vitality so that we can firmly go along the socialist road with Chinese characteristics. The political structure reform which we will start will overcome the phenomenon of excessive centralization of power and party functions being lumped with government functions, and will expand socialist democracy, strengthen the socialist legal system, and serve the purpose of further strengthening and improving the party's leadership and consolidating the people's democratic dictatorship. In the course of reform and opening up, we emancipate our minds, seek truth from facts, study new conditions, and solve new problems. This certainly ensures that we will further carry forward and develop and enrich the theoretical treasure of Marxism in practice. In recent years, our reform and opening-up policies have enriched and developed the contents of the four cardinal principles in both theory and practice, and this has helped the party and the people throughout the country more consciously adhere to the four cardinal principles.

To realize modernization and economic prosperity in our country, we must first rely on reform and opening up and second rely on the four cardinal principles. We have no other choice. Without carrying forward reform and opening up, China will backtrack to the old path of socialist construction of the 1950's and 1960's and it will not be possible to develop the economy at a high speed, but if we do not adhere to the four cardinal principles and take the capitalist road, we will get nowhere, as history has proved. [paragraph continues]

It is extremely wrong to think that reform and opening up mean that the four cardinal principles can be given up. It is also wrong to think that when we now emphasize adherence to the four cardinal principles, reform and opening up will be "wound up" and the existing policies for reform and opening up will "change." In fact, the resolutions, laws, and policies on urban and rural economic structural reforms adopted by the party Central Committee, the NPC, and the State Council have not changed at all and will not change. We should continue to implement them. This is because reform and opening up are in essence in keeping with the four cardinal principles, and the two sides are not in conflict. Adherence to the four cardinal principles will only better ensure reform and opening up.

The main difference between us and the few people like Fang Lizhi and Wang Ruowang who stubbornly advocate bourgeois liberalization is on the question of whether we should adhere to or oppose the four cardinal principles; otherwise, we may take to evil ways and cause the failure of reform, opening up, and the entire socialist cause. However, they attempt to "reform" our party with the whole set of bourgeois things under the guise of "reform and opening up" to change the party's political character. They oppose the guidance of Marxism, oppose the people's democratic dictatorship, and advocate the "total Westernization" of ideology, the political system, and ownership forms. To put it bluntly, their advocacy of "reform and opening up" is not true, and their real aim is to oppose the four cardinal principles and to advocate bourgeois liberalization. This is something with which we absolutely disagree. We should deeply criticize their erroneous opinions of negating the four cardinal principles and advocating bourgeois liberalization. Through such criticism, we will better see the ideological nature and political aim of their opinions and will raise our consciousness on the principled matter of adhering to the four cardinal principles so that we can remove the obstacles and advance our reform and construction boldly, prudently, and steadily.

Some people may worry that the current opposition of bourgeois liberalization will lead to the repetition of the "leftist" mistakes and the abortion of reform and opening up. In fact, such worries are uncalled for. In the past, the "leftist" things did not succeed in dealing with our questions in revolution and construction. Because we discarded those "leftist" things and carry out reform and opening up, we can now make remarkable achievements in economic construction and substantially improve the people's livelihood. Therefore, we will certainly not use the "leftist" attitude to treat reform and opening up. The current opposition to bourgeois liberalization has its special definition. We only oppose a very small number of people who adhere to bourgeois liberalization, attempt to disrupt reform and opening up from the rightist angle, and undermine the socialist modernization cause. So, we will not treat reform and opening up with a "leftist" attitude. China will firmly carry out reform and opening up. As Comrade Deng Xiaoping recently pointed out: "Our generation is carrying out reform, our younger comrades should carry out reform, and our youngsters should also continue to carry out reform." We deeply believe that after criticizing the erroneous opinions of Fang Lizhi, Wang Ruowang, and a few other people and set aright some people's confused and vague ideas, our reform and opening up will certainly usher in a new situation of more healthy and better advances. We are full of confidence in the final success in reform and opening up.

NPC FIFTH SESSION TO BE HELD IN BEIJING IN MARCH

OW230629 Beijing XINHUA Domestic Service in Chinese 1129 GMT 22 Jan 87

[Text] Beijing, 22 Jan (XINHUA) -- The 19th Session of the Standing Committee of the 6th National People's Congress ended at the Great Hall of the People this afternoon.

It was decided at the session that the Fifth Session of the Sixth National People's Congress would be held in Beijing on 25 March 1987.

NPC Standing Committee Chairman Peng Zhen attended today's session. NPC Standing Committee Vice Chairman Chen Pixian presided over today's session. He announced that 150 deputies were expected to attend today's session and the 110 deputies actually attended, forming a quorum.

The session, first of all, adopted a decision on the convocation of the Fifth Session of the Sixth National People's Congress. This decision proposed that the main agenda for the Fifth Session of the Sixth NPC should include hearing the government work report, examining and approving plans for 1987 national economic and social development, and examining the draft law on state-owned industrial enterprises, a draft decision on the number of deputies to be elected to the Seventh National People's Congress, and other electoral matters.

Another important agenda item for this Standing Committee session is to examine a draft decision on strengthening legal education and maintaining stability and unity. After fully discussing and examining various issues, the deputies have generally realized that to make such a decision is necessary and timely in order to develop socialist democracy, improve the socialist legal system, safeguard legitimate freedom and rights, maintain social order and the political situation of stability and unity, reform the economic system and the political structure under correct leadership in a gradual, planned manner, and smoothly carry out the socialist modernization program. In the course of examining the issues, the deputies expressed views on revising the draft decision. On the basis of these views, revisions were made to the draft decision. The deputies attending the session adopted this decision today.

Prior to today's session, the NPC Law Committee revised the draft Customs Law on the basis of the views expressed by the deputies during group discussions. At today's session, the deputies adopted the Customs Law of the People's Republic of China.

The NPC Foreign Affairs Committee examined the "Third Additional Protocol of the Constitution of the Universal Postal Union", and held that it could be ratified. It recommended that it be ratified at the Standing Committee session. Today, the session adopted a decision to ratify the "Third Additional Protocol of the Constitution of the Universal Postal Union."

Today's session also endorsed the report on the results of studying the motions proposed by the deputies and referred by the Presidium of the Fourth Session of the Sixth NPC to the Law Committee for examination. It also adopted a name list for appointments and dismissals.

At today's session, Vice Chairman of the NPC Standing Committee Chen Pixian said: In accordance with the procedure for examining draft laws by the Standing Committee, the draft regulations for organizing the villagers' committees and the draft law for technical contracts will be referred to the NPC Law Committee and the NPC Legislative Affairs Commission for deliberation and revision after the session, on the basis of the opinions of the deputies following their preliminary deliberation, and in accordance with the views of various localities and relevant departments. They will then be submitted to the NPC Standing Committee for examination.

Attending the session were Vice Chairmen of the NPC Standing Committee Geng Biao, Peng Chong, Banqen Erdini Qoigyi Gyancan, Zhou Gucheng, Yan Jici, Rong Yiren, Liao Hansheng, Huang Hua, and Chu Tunan. Present at today's session as observers were State Councillor Song Jian; Zheng Tianxiang, president of the Supreme People's Court; and Yang Yichen, procurator-general of the Supreme People's Procuratorate.

TV GUIDE ANSWERS VIEWERS' LETTER ON MAO ATTIRE

OW010038 Beijing ZHONGGUO DIANSHI BAO in Chinese 22 Jan 87 p 1 (tentative)

["Answer to Viewers' Questions" column]

[Text] Comrade Editor:

When the Central Television Station was broadcasting the communique of the enlarged meeting of the CPC Central Committee Political Bureau in its "National News Program" at 7 pm on 16 January, was it with some special consideration that the announcer wore a Chinese tunic suit?

[Signed] Several viewers

Answer: It was entirely accidental, not with any special consideration. The announcer's wearing a Chinese tunic suit had nothing to do with what he was broadcasting. The department concerned has told the editorial department of this journal what happened. A female announcer was originally scheduled for broadcasting duty that day. When the news department received the item, some comrades suggested that it should be broadcast by a male announcer. So, at the last minute, they let Comrade Zhang Hongmin do the job. Zhang was not on broadcasting duty that day, and he was wearing a shirt that did not go with a Western suit. As he could not change into a proper shirt, he put on a Chinese tunic suit instead. In recent years, the announcers on broadcasting duty wear Western suits most of the time, but they also wear Chinese tunic suits sometimes.

[Signed] The Editorial Department

FINANCE MINISTRY MEASURES ON FOREIGN INVESTMENT

OW012329 Beijing XINHUA Domestic Service in Chinese 0201 GMT 30 Jan 87

[Text] Beijing, 30 Jan (XINHUA) -- Ministry of Finance Measures for Implementing the Provisions on Tax Preferences in the "Provisions of the State Council Encouraging Foreign Investment" -- These measures are drawn up to implement the provisions on tax preferences in the "Provisions of the State Council for Encouraging Foreign Investment" (hereinafter referred to as "Provisions").

1. Article 7 of the "Provisions" -- "When foreign investors of export and technological enterprises remit profits abroad distributed to them by such enterprises, the amount remitted shall be exempt from income tax" -- means that, when foreign investors remit abroad profits distributed to them by such enterprises during 1986 and subsequent tax years, they are exempt from income tax of 10 percent of the remittances, and they will be given a refund of the taxes they paid in remitting the predistributed 1986 profits before promulgation of the "Provisions." When foreign partners remit abroad profits distributed to them before tax year 1986, the remittances are still subject to income tax, according to the previous regulations.

2. Article 8 of the "Provisions" -- "After expiration of the period for the reduction or exemption of enterprise income tax in accordance with the provisions of the state, export enterprises whose value of export products in that year amounts to 70 percent or more of the value of their products for that year, may pay enterprise income tax at half the rate of the present tax" -- is applicable to export enterprises whether or not they enjoy a period for the reduction or exemption of enterprise income tax according to the current tax law or relevant regulations.

A. The aforementioned export enterprises, whose value of export products amounts to 70 percent or more of the value of their products in that year, may enjoy the preferential treatment of paying enterprise income tax at half the tax rate of that year only when they can provide verification that have been authenticated by competent local taxation organs.

B. Quarterly income taxes paid in advance in tax year 1986 by confirmed export enterprises may be readjusted on final settlement at the end of each tax year, with a refund for any overpayment and a supplemental payment of any deficiency.

C. If, after paying their taxes at half the tax rate, the aforementioned export enterprises' income tax falls below 10 percent, they must pay their income tax at the 10-percent rate.

3. Article 9 of the "Provisions" -- "After expiration of the period of reduction or exemption of enterprise income tax in accordance with the provisions of the state, technologically advanced enterprises may extend the payment of enterprise income tax for 3 years at a rate reduced by half" -- is applicable to technologically advanced enterprises whether or not they enjoy a period for the reduction or exemption of enterprise income tax, according to the current tax law and relevant regulations.

A. The aforementioned technologically advanced enterprises, whose period for the reduction or exemption of enterprise income tax has not yet expired according to the current tax law and relevant regulations, may pay half their income taxes for 3 subsequent years after expiration of the period for the reduction or exemption of enterprise income tax. Enterprises whose period for reduction or exemption of enterprise income tax has already expired, or has no limit, may pay half the enterprise income tax for 3 years, starting from the year in which they were confirmed as technologically advanced enterprises. New enterprises established after 1986, whose period of reduction or exemption of enterprise income tax has no time limit, may pay half the enterprise income tax for 3 years, starting from the first profit-making year.

B. Quarterly income taxes paid in advance in 1986 by the aforementioned technologically advanced enterprises may be readjusted on final settlement at the end of each tax year, with a refund for any overpayment and a supplemental payment of and deficiency.

C. If, after paying taxes at half the tax rate, the aforementioned technologically advanced enterprises' tax falls below 10 percent, they must pay their income taxes according to the 10-percent tax rate.

4. Article 10 of the "Provisions" -- "Foreign investors who reinvest profits distributed to them by their enterprises in order to establish or expand export or technologically advanced enterprises for a period of operations of not less than 5 years, after application to, and approval by, the tax authorities, shall be refunded the total amount of enterprise income tax already paid on the reinvested portion.

If the investment is withdrawn before 5 years of operation, the amount of enterprise income tax refunded shall be repaid" -- means that the profits foreign investors acquire from their enterprises and reinvest in the establishment or expansion of export or technologically advanced enterprises must be the profits distributed to them in 1986 and subsequent tax years. The previous regulations must be followed if foreign investors reinvest with profits distributed to them before 1986.

5. When a foreign investment enterprise has been verified and approved as an export and a technologically advanced enterprise during the same tax year, it is permitted to choose any preferential treatment prescribed in Articles 8 and 9 of the "Provisions." It cannot enjoy preferential treatment twice simultaneously. If, after the 3-year period of paying half the enterprise income tax has expired, a technologically advanced enterprise's situation meets that prescribed in Article 8 of the "Provisions," it is entitled to preferential treatment prescribed in that article.

6. Provisions governing preferential tax treatment cannot be applied to enterprises established through Sino-foreign cooperation to explore and develop oil and precious metal resources.

7. These measures will serve as guidance for all regions and departments in implementing the preferential tax treatment policies prescribed in the "Provisions."

LI XIANNIAN SIGNS ORDER ON NEW CUSTOMS LAW

OW251117 Beijing XINHUA Domestic Service in Chinese 0003 GMT 23 Jan 87

[Text] Beijing, 23 Jan (XINHUA) -- Order of the president of the People's Republic of China

No 51

The Customs Law of the People's Republic of China was approved on 22 January 1987 at the 19th Meeting of the Standing Committee of the 6th National People's Congress. It is hereby proclaimed that the law will go into effect on 1 July 1987.

[Signed] Li Xiannian, president of the People's Republic of China

22 January 1987

ULANHU, LI DESHENG MEET BORDER MILITIA GROUP

OW210939 Beijing XINHUA Domestic Service in Chinese 1319 GMT 15 Jan 87

[By reporter Gai Yumin]

[Excerpts] Beijing, 15 Jan (XINHUA) -- A report group on the deeds of heroic model militiamen from the Yunnan and Guangxi front made its first report today at the Great Hall of the People. Seven representatives of the heroic model militiamen reported to an audience of more than 8,000 people, consisting of party, government, and Army cadres and people of the capital, on the touching deeds of frontier militiamen of various nationalities in fighting in unity, garrisoning the frontier, and safeguarding the country as well as their brave deeds of dedication.

The meeting hall was permeated with a warm atmosphere. Ulanhu, Li Desheng, Hong Xuezhi, Yang Jingren, Burhan Shahidi, and members of the People's Armed Forces Committee [ren min wu zhuang wei yuan hui 0086 3046 2976 5944 1201 0765 2585] of the Central Military Commission shook hands warmly and chatted cordially with the heroic model militia representatives who were dressed in minority costumes. Militiamen of the capital presented bouquets to the heroic model representatives. Streamers hung sideways in the meeting hall read: "Pay Respect to the Heroic Militia on the Southwest Frontier!" and "Treasure and Defend the Safety of the Motherland!"

The report group on deeds of heroic model militiamen from the Yunnan and Guangxi front is composed of 12 heroic militia models of the Dai, Zhuang, Yi, Yao, Miao, and Han nationalities. [passage omitted]

The group came to Beijing at the invitation of the Propaganda Department of the CPC Central Committee and the General Staff Department and General Political Department of the Chinese PLA. The meeting was presided over by Wang Daming, deputy head of the Propaganda Department of the CPC Central Committee. He said: At present a very small number of individuals in society are bent on advocating bourgeois liberalization and negating the four cardinal principles, the party's leadership, and our great achievements in socialist construction. They advocated China's "total Westernization." The touching deeds reported by the heroic militia models are a powerful refutation of what these people advocate. We should learn from and be inspired by the heroic deeds of the Yunnan and Guangxi front militiamen, justly and boldly uphold the four cardinal principles, take a clear-cut stand in opposing bourgeois liberalization, and further develop the excellent situation of stability and unity.

Addressing the meeting, Zhu Yunqian, deputy director of the PLA General Political Department, said: The deeds of the heroic militiamen and people of all nationalities in the southwestern border regions in supporting the front and taking part in fighting once again prove to us that our country and people have become what they are today because of the long united struggle carried out by the party together with the people, the implementation of the party's correct line, principles, and policies, and the adherence to the four cardinal principles. The very few individuals advocating bourgeois liberalization and negating the party's leadership and the socialist system not only basically run counter to the interests of our people and the trend of history, but also forget the most fundamental experience the Chinese people have gained by sacrificing blood and lives in the revolutionary struggle during the last 100 years or so. All commanders and fighters of the Army and the broad masses of militiamen must treasure and maintain the excellent situation of stability and unity and oppose all words and deeds that run counter to the four cardinal principles. They must behave as good citizens and fighters who have high ideals and moral integrity and are well educated and self-disciplined, and contribute to promoting the building of socialist material and spiritual civilization.

Other Leaders Greet Group

OW231157 Beijing XINHUA Domestic Service in Chinese 1507 GMT 22 Jan 87

[By reporter Gai Yulai]

[Text] Beijing, 22 Jan (XINHUA) -- Yang Dezhi, Yu Qiuli, Hu Qiaomu, Hong Xuezhi, and other leading comrades today received model members of the militia from the border areas of Yunnan and Guangxi at Zhongnanhai's Huairan Hall. [paragraph continues]

They praised the noble sentiments and selflessness displayed by the militamen of the new generation in sacrificing their interests for national defense. They urged the commanders and fighters of the whole Army as well as the vast numbers of militiamen to carry forward the tradition of hard work, thrift, and selflessness and to serve as models with their concrete actions in adhering to the four cardinal principles; following the line, principles, and policies of the party; supporting stability and unity; and building and defending China.

In the reception hall, filled with a cordial and warm atmosphere, the leading comrades and model militiamen, after taking a group photo, had an informal discussion.

On behalf of the Central Military Commission and the three general departments, Yu Qiuli, member of the Political Bureau of the CPC Central Commission, paid tribute to the militiamen and people of various nationalities safeguarding the motherland's southern gate. He said: Members of the militia and people of all nationalities in Yunnan and Guangxi have made great contributions to defending our motherland's sacred territory and its dignity. They are also the most loved people of the new generation. He pointed out that our country's militia has always been an important component of the three-in-one combination of the Armed Forces. During the war years, vast numbers of militiamen made great contributions to the independence and liberation of the Chinese nation. In time of peace, our militiamen of the new generation have again made new contributions in building and defending the motherland. Especially in recent years, the vast numbers of militiamen have implemented the principles and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee and played an important role in building the socialist spiritual and material civilizations. Facts show that the militiamen are indeed the fresh troops of production and construction as well as the capable assistants and strong reserve forces of the PLA. He urged the commanders and fighters of the whole Army as well as the militiamen to earnestly study the guidelines of the enlarged meeting of the Political Bureau of the CPC Central Committee and to act strictly according to the line of the CPC Central Committee both ideologically and politically. It is necessary to continue carrying forward the spirit of hard work, thrift, and selflessness; to carry on the glorious tradition of patriotism, heroism, and army-civilian unity; and to make new contributions to the people in defending and building our great motherland.

Hu Qiaomu, member of the Political Bureau of the CPC Central Committee, listened to and was moved by stories about the deeds of model militiamen from Yunnan and Guangxi. He said: We take great pride in the Chinese nation for it has heroic militiamen like you. Your meritorious services show that the Chinese people are fearless, brave, and resourceful in the face of any difficulty or enemy. The Chinese nation is a very strong nation. Those people who advocate bourgeois liberalization believe the Chinese people are inferior to other people in every aspect. They advocate "total Westernization," which means total denial of socialism and the Chinese nation. This kind of thinking runs counter to prevailing Chinese ethics. The CPC Central Committee recently decided that nationwide efforts should be made to struggle against bourgeois liberalization; uphold the four cardinal principles; adhere to the correct line practiced since the 3d Plenary Session of the 11th CPC Central Committee; and check the erroneous thinking spread by a few comrades in violation of the party's democratic centralism and collective leadership. This decision is very necessary. On behalf of the party Central Committee, he extended cordial regards and high respects to the heroic border militiamen.

Yang Dezhi and Hong Xuezhi also spoke at the meeting.

Responsible persons of the Propaganda Department of the CPC Central Committee and the PLA general departments attended the meeting.

BEIJING TV SHOWS LEADERS AT NEW YEAR GATHERING

OW300309 [Editorial report] Beijing Television Service in Mandarin at 1100 GMT on 29 January, in its "National News Program," carries a 10-minute video report on a Spring Festival gathering held at the Great Hall of the People in Beijing on 29 January.

The report opens with shots of four large Chinese characters hung on the stage curtain which read "Happy New Year," followed by a pan shot of the hall, showing people milling around, exchanging greetings, and talking with one another. Then the video shows Zhao Ziyang, Peng Zhen, Ulanhu, Wan Li, Wang Zhen, Bo Yibo, Xi Zhongxun, Li Peng, Chen Muhua, Hu Qili, Song Renqiong, Yang Dezhi, and Tian Jiyun, in that order, walking down the aisle toward their seats, occasionally stopping to talk and shake hands with people as they pass the dining tables. Zhao Ziyang and Wan Li are dressed in Western attire, the others are wearing Chinese tunic suits (Mao suits). Then the camera cuts to closeup shots of Wan Li, Bo Yibo, and Peng Zhen in that order sitting next to one another at a dining table. Video shows Peng Zhen speaking into microphones sitting on the table. In the background Yu Qiuli, Xi Zhongxun, Qiao Shi, and Chen Pixian can be seen seated next to one another counterclockwise at the table behind Peng Zhen. When Zhao Ziyang is invited to speak, he rises from his seat to the right of Peng Zhen and is seen speaking into two microphones standing next to his table, with the stage behind him.

About one minute of Zhao's speech is broadcast in his own voice; the rest is read by the announcer. While his speech is being read, video shows Song Renqiong, Yu Qiuli, Xi Zhongxun, Qiao Shi, and Chen Pixian seated at one table. At other tables are Hu Qili and Yang Shangkun; Hao Jianxiu and Rong Yiren; Hu Qiaomu and Chen Muhua; Deng Liqun and Yao Yilin; Yang Dezhi and Yang Hingren; Tian Jiyun and Fang Yi; Li Peng, Qi Jiwei, Ngapoi Ngawang Jigme, and Ni Zhifu; and Wu Xueqian, Wang Zhaoguo, and Song Jian. After Zhao Ziyang ends his speech, video shows closeups of Qian Xuesen, Wang Jinling, Fei Xiaotong, and Zhang Yuansheng speaking in front of microphones. The report ends with shots of literature and art performances on the stage.

YAO YILIN ADDRESSES STATE COUNCIL TEA RECEPTION

OW231849 Beijing XINHUA Domestic Service in Chinese 1314 GMT 23 Jan 87

[Excerpt] Beijing, 23 Jan (XINHUA) -- Speaking at a Spring Festival tea reception hosted by the General Office of the State Council this afternoon, Vice Premier Yao Yilin said that in 1987 we should encourage people in society to carry out arduous struggle, build up the country through thrift and hard work, make more contributions, and strictly observe discipline. Over 30 councillors of the State Council and staff members of the Central Cultural and Historical Data Department were present at the reception to greet the Spring Festival. Yao Yilin and State Councillor Gu Mu attended the reception to wish the attendants a happy festival and good health.

Speaking at the reception, Yao Yilin said: There are two important things to do in 1987. Politically, we must uphold the four cardinal principles and combat bourgeois liberalization. Economically, we must develop the gratifying situation, encourage people to increase production, conserve resources, increase revenues, and curtail expenditures. Upholding the four cardinal principles and combating bourgeois liberalization is a protracted task. To build a socialist society with distinctive Chinese characteristics, we must uphold the four cardinal principles and combat bourgeois liberalization; and we must also uphold the policies of carrying out reforms, opening to the outside world, and enlivening the domestic economy. We have been doing this since the 3d Plenary Session of the 11th CPC Central Committee, and we will continue to do the same in the future. [passage omitted]

FUJIAN'S CHEN GUANGYI AT SPRING FESTIVAL MEETING

OW301338 Fuzhou Fujian Provincial Service in Mandarin 1100 GMT 25 Jan 87

[Text] Over 1,000 people from various circles in Fujian Province and Fuzhou City this morning gathered at the provincial Veteran Cadres Activities Center to celebrate the Spring Festival.

Leaders of the provincial party committee, Advisory Commission, and Discipline Inspection Commission; the Standing Committee of the Provincial People's Congress; the provincial government; and the provincial CPPCC Committee Chen Guangyi, Hu Ping, Jia Qinglin, Hu Hong, Gao Hu, Cheng Xu, Yuan Gai, Zhang Kehui, Cai Ninglin, Yuan Chitong, Wen Fushan, Zhang Gexin, Wen Xiushan, Wang Zhi, Zeng Ming, Liu Yongye, Cai Liangcheng, You Dexin, Jiang Xuedao, Lu Haoran, Zuo Fengmei, Chen Yangzheng, and Xu Jimei, as well as Fuzhou Mayor Hong Yongshi, attended the gathering and extended Spring Festival greetings to the participants.

Zhu Xuefan, vice chairman of the NPC Standing Committee, currently on an inspection tour of the province, also jubilantly joined them in the Spring Festival Celebrations.

Also attending the gathering were veteran comrades of the PLA units stationed in Fuzhou and local veteran leaders, including Lu Sheng, Wu Hongxiang, Wei Jinshui, Jia Jiumin, Huang Yaguang, Zhu Yaohua, Cao Punan, Yan Hong, Long Feihu, Chen Qingsan, Zhang Lixiong, Liu Bo, Lin Zhongzhao, Xiong Zhaoren, (Li Guanghui), (Zhang Zheng), He Rouren, Xu Yuqing, Gao Panjiu, Zhang Zhaoan, Zhang Chuandong, and Li Wenren.

In his New Year speech, provincial CPPCC Committee Chairman Yuan Gai said: In the past year Fujian's political, economic, and social situation has been very gratifying. Under CPC leadership various democratic parties and people of various circles have made positive contributions to creating this excellent situation. He urged various democratic parties and people of various circles in the province to make persistent efforts in the new year to study in depth and carry out the communique of the enlarged meeting of the CPC Central Committee Political Bureau and relevant documents, uphold the four cardinal principles, take a firm and clear-cut stand in opposing bourgeois liberalization, persist in reform and opening to the outside world, further consolidate and expand the patriotic and united front, and jointly strive for the development of socialist material and spiritual civilization.

Prior to the gathering Vice Chairman Zhu Xuefan and the provincial leaders released more than 2,000 doves, symbols of peace, into the sky in an expression of kind feelings and festive greetings toward compatriots in Taiwan, Hong Kong, and Macao, as well as Overseas Chinese.

The Spring Festival gathering was co-sponsored by the provincial CPPCC Committee and the United Front Work Department of the provincial party committee.

JIANGSU'S HAN PEIXIN ADDRESSES VETERAN CADRES

OW310419 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 26 Jan 87

[Excerpts] The Jiangsu Provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial CPPCC Committee and the provincial Discipline Inspection Commission jointly held a Spring Festival gala party for veteran and retired cadres of provincial organs at the Nanjing Wutaishan Stadium on the afternoon of 26 January.

Nanjing-based full and alternate members of the CPC Central Committee, members of the Central Advisory Commission and the Central Discipline Inspection Commission, as well as provincial leaders, Jiang Weiqing, Hui Yuyu, Han Peixin, Gu Xiulian, Liu Lin, (Zhou Aqing), Kang Di, Sun Han, Chen Huanyou, Sun Jiazheng, Hu Fuming, Gu Hao, Zhou Ze, Chu Jiang, He Binghao, Wang Bingshi, Hong Peilin, Li Zhizhong, Yang Yongyi, Luo Yunlai, Chen Minzhi, Cheng Bingwen, Chen Suiheng, Xing Bai, and more than 1,200 veteran Red Army soldiers, retired veteran comrades, together with dependents of deceased comrades and notables, happily gathered to mutually extend festive greetings.

Governor Gu Xiulian presided over the meeting. Han Peixin, secretary of the provincial party committee, was the first speaker. [passage omitted]

Comrade Han Peixin said: Recently, the Political Bureau of the party Central Committee held an enlarged meeting, which has far-reaching significance. We resolutely support the decisions made. We must follow the guidelines of this meeting, and continue to implement the party's line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, uphold the four cardinal principles, oppose bourgeois liberalization, adhere to the policy of concentrating on economic construction and development of the productive forces, carry out comprehensive reform, open to the outside world, invigorate the domestic economy, develop socialist democracy, perfect the socialist legal system, and mobilize people throughout the province to unite in the struggle to fulfill the work in all fields during the Seventh 5-Year Plan.

Comrade Han Peixin hoped that veteran comrades who have stepped down from the frontline to continue to take the lead in upholding the four cardinal principles would assume a clear-cut stand in opposing bourgeois liberalization, vigorously support the work of comrades at the forefront, as well as that of leading bodies at all levels, maintain and develop the party's glorious traditions, promote the healthy practices of waging hard struggle and building the nation through frugality, make greater contributions, and strictly observe discipline. Health permitting, they should conduct social surveys within their capabilities, take charge of social work and continue to contribute their remaining years to educating and training the next generation, and promoting the party's cause, the people's well-being, as well as the motherland's prosperity. [passage omitted]

Attends Gala Party

OW310549 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 27 Jan 87

[Excerpts] On the afternoon of 27 January, a festive atmosphere, characterized by unity between the Army, the government, and the people, permeated the Great Hall of the People in Nanjing. The provincial government, the Political Department of the Nanjing Military Region, the provincial Military District, and the Nanjing City Government were holding the 1987 Spring Festival Army-people gala party there. [passage omitted]

Attending were Jiang Weiqing, Hui Yuyu, Nie Fengzhi, and Du Ping, members of the Central Advisory Commission, Zhao Danan and Kang Di, members of the Central Discipline Inspection Commission; Han Peixin, Gu Xiulian, Sun Han, Chen Huanyou, Sun Jiazheng, Hu Fuming, Gu Eao, Liu Lin, Chu Jiang, leading comrades of Jiangsu Province; Xiang Shouzhi, Fu Kuiqing, Zhang Ming, Liu Lunxian, Yu Yongbo, and Chen Hui, leading comrades of the Nanjing Military Region; Jiang Yutian, Zhao Gao, Zhang Mingyuan, Tian Zhenhuan, Zhen Shen, and Yue Dewang, leading comrades of the command academies of the Nanjing Military Region's Air Force, Army, and Navy, and the Jiangsu Provincial Military District; and Cheng Weigao, Zhang Yaohua, Xu Qie, and Chen Xianhuan, leading comrades of Nanjing City. [passage omitted]

JIANGSU'S XIANG SHOZHUI GREET'S NEW YEAR WITH PLA

OW310505 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 26 Jan 87

[Text] On the evening of 26 January, the organs of the Nanjing Military Region held a Spring Festival gathering, where leaders of the Military Region, veteran comrades who had resigned to the second and third lines, and more than 1,000 office cadres, fighters, and dependents of workers happily gathered to celebrate.

Xiang Shouzhi, commander of the Military Region, presided over the meeting. Fu Kuiqing, political commissar of the Military Region, spoke. On behalf of the Military Region party committee and leadership, he extended warm festive greetings and cordial regards to veteran comrades and all office comrades.

Comrade Fu Kuiqing said: Last year, under the leadership of the central authorities and the Central Military Commission, Army units under this Military Region scored remarkable achievements in all fields of work. All Army units in the Military Region resolutely implemented the party's line, principles, and policies, closely followed the line of the party Central Committee in ideological and political matters, successfully accomplishing party rectification in units below regimental level, and rectifying party style. The peacetime work of getting prepared for war was carried out in a systematic and standard manner. Reasonable results have been scored in military training. Cadres and fighters are more devoted to national defense. The second-stage work of streamlining and reorganizing the Army has proceeded smoothly. New progress has been made in grass-roots construction. Reserve forces have been reinforced. The quality of logistics support and material supplies have improved considerably. These are the results of warm assistance and support from the veteran comrades of this Military Region, and a unified struggle by all office cadres, commanders, and fighters of the Military Region.

Fu Kuiqing urged all comrades to uphold the four cardinal principles in the new year; resolutely stand in the forefront of opposing bourgeois liberalization; thoroughly study the guidelines of the enlarged meeting of the Central Military Commission; vigorously promote ideological and political work, as well as socialist spiritual civilization in the new period, in order to meet the needs of reform, opening to the outside world, and strategic changes in the guiding thought for Army building; and strive to fulfill the work in all fields, with a view to accomplishing the four modernizations. Fu Kuiqing urged office cadres of the Military Region to intensify the study of Marxism-Leninism-Mao Zedong Thought; have a better understanding of policies, as well as ideological and theoretical matters; strictly observe administrative and organizational discipline; foster a firm concept in party spirit; strengthen lateral cooperation; cultivate close relations with one another; promote unity; develop the fine traditions of seeking truth from facts, waging a hard struggle and building the Army through diligence and frugality; seek self-improvement through assiduous study; remain modest and prudent; do more work for the party and the people; and contribute more to Army building.

Also attending the meeting were Du Ping, member of the Central Advisory Commission; Zhan Danan, member of the Central Discipline Commission; and leaders of the Military Region, Guo Tao, Wang Chengbin, Zhang Ming, Liu Lunxian, Yu Yongbo, and Chen Hui.

LIU FANGREN AT JIANGXI INTELLECTUALS' TEA PARTY

OW301120 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 26 Jan 87

[Excerpts] The Jiangxi provincial party committee Organization Department and the provincial leading group on work related to intellectuals held a tea party with some middle-aged and young intellectuals this morning to usher in the Spring Festival. While sipping their tea, those attending the party freely talked about the current favorable situation and exchanged greetings for the Spring Festival. More than 20 comrades attended the tea party. All of them are outstanding middle-aged and young intellectuals who have distinguished themselves in the past several years in the fields of science and technology, education, culture, public health, arts, and sports and won citations in the province and the country. Those attending the party exchanged views freely and expressed their determination to identify themselves with the party Central Committee, firmly uphold the four cardinal principles, and oppose bourgeois liberalization with a clear-cut stand. [passage omitted]

Liu Fengren, deputy secretary of the provincial CPC committee, and Lu Xiuzhen, Standing Committee member and director of the provincial party Organization Department, attended the party and delivered speeches. After introducing the achievements in all fields in Jiangxi last year, Comrade Liu Fangren called on everyone to earnestly study and implement the guidelines laid down by the enlarged session of the party Central Committee Political Bureau and the various documents issued by the CPC Central Committee this year and firmly uphold the four cardinal principles and oppose bourgeois liberalization with a clear-cut stand. At the same time he called on everyone to develop the movement to increase production and economize and increase revenue and curtail expenditure, as required by the party Central Committee. He said: Everyone must make an effort to increase agricultural production, invigorate the economy, persistently develop the two types of civilization, strengthen ideological and political work, keep the overall situation in mind, and try to score even greater achievements at his own post.

Comrade Lu Xiuzhen introduced the work of the General Office of the provincial leading group on work related to intellectuals and the plan formulated by this office for this year's work. He said: In order to strengthen its ties with the broad masses of intellectuals, the provincial party committee Organization Department has decided to designate every Wednesday as a day for the department director to receive visitors and help people solve actual problems according to the party's policy, in order to turn the Organization Department into a true home for intellectuals.

Comrade Lei Xiangjie, deputy director of the provincial party committee Organization Department and head of the General Office of the provincial leading group on work related to intellectuals, organized the tea party.

SHANGHAI'S RUI XINGWEN MEETS CULTURAL FIGURES

OW310535 Shanghai City Service in Mandarin 0100 GMT 26 Jan 87

[Text] Rui Xinwen, secretary of the municipal party committee, yesterday told literary and art figures to promote Shanghai's cultural undertakings by following the strategic requirements for Shanghai's cultural development approved by the party Central Committee and the State Council.

Rui Xingwen made these remarks at the Spring Festival gala party for Shanghai's literature and art circles on 25 January.

He also said: The four cardinal principles constitute the foundation of our nation, and are the basic guarantee for stability and unity, as well as the implementation of the reform and open policy. He hoped the literature and art circles would treasure the current excellent situation, further promote socialist spiritual civilization, take a clear-cut stand in upholding the four cardinal principles, oppose bourgeois liberalization, and advance in the correct political and ideological direction.

Other leaders of the municipal party committee and the municipal government who were present to extend festive greetings to literature and art figures were Zeng Qinghong, Liu Shenyuan, and Pan Weiming. Xia Zhengnong, chairman of the federation of literature and art circles, presided over the party.

Attends Shanghai Party

OW310631 Shanghai City Service in Mandarin 0100 GMT 27 Jan 87

[Text] The Shanghai 1987 Spring Festival Army-people gala party was held at the Shanghai Acrobatic Hall yesterday afternoon. The gala party opened to the strains of "Without the Communist Party, There Would Be No New China."

Municipal leaders attending were Rui Xingwen, Jiang Zemin, Yang Di, Wu Bangguo, Zeng Qinghong, Hu Lijiao, and Li Guohao. Cheng Zihua, member of the Standing Committee of the Central Advisory Commission and vice chairman of the National CPPCC Committee, and Liu Jingji, vice chairman of the National CPPCC Committee, also attended. Also present at the party were full and alternate members of the CPC Central Committee now in Shanghai; members of the Central Advisory Commission and the Central Discipline Inspection Commission; veteran comrades; responsible persons from PLA units stationed in Shanghai, as well as the Armed Police Corps, Ba Zhongtan, Ping Changxi, Liu Xingwen, Liu Qingyong, Song Zhongwen, Lu Shouyan, Wu Xia, Pan Qihuai, and Sui Xinhui. Also present were representatives from all circles in Shanghai, totaling more than 1,600 people.

At the gala party, professional and amateur literary and art workers performed excellent acrobatic shows, Beijing operas, dances, and comic dialogues.

SHANGHAI PLA THANKS LEADERS FOR GREETINGS

OW270457 Shanghai City Service in Mandarin 0100 GMT 24 Jan 87

[Text] According to reports by JIEFANG RIBAO and WEN HUI BAO, leading comrades from the PLA Shanghai Garrison, the PLA Navy and Air Force units stationed at Shanghai, the Second Military Medical University, the Air Force Political College and the Municipal People's Armed Police Corps returned their call on the party and government leaders of Shanghai Municipality last night to express their sincere thanks to the Shanghai municipal party committee, the municipal government, and the people of Shanghai for their kind greetings and solicitude. The return call was made at the (Zijiangqiao) Hall.

On behalf of all the troops stationed in Shanghai and the municipal People's Armed Police Corps, Commander of the PLA Shanghai Garrison Ba Zhongtan first expressed sincere thanks and extended cordial season's greetings to the party and government leaders of Shanghai Municipality and its 12 million people.

He said: All the achievements made by the Army in its work have been gained with the support and help from Shanghai's party and government leading departments and all the people in Shanghai. During the new year, the troops stationed in Shanghai will join the people in the municipality in firmly upholding the resolutions of the CPC Central Committee Political Bureau's enlarged meeting, conscientiously adhering to the four cardinal principles, standing in the forefront of the struggle against bourgeois liberalization, maintaining a high degree of ideological and political unity with the CPC Central Committee on major issues of principle, actively supporting and participating in Shanghai's economic construction, and extensively unfolding a joint Army-people campaign to make an even greater contribution to the building of two civilizations in Shanghai.

Jiang Zemin, deputy secretary of the Shanghai Municipal CPC Committee and Shanghai mayor, spoke on behalf of the municipal party committee, the municipal Advisory Commission, the Standing Committee of the municipal People's Congress, and the municipal CPPCC Committee. He said: There is a deep-rooted fraternal relationship between the Army stationed in Shanghai and Shanghai's government and people. Whenever we proceed with a task, we feel a strong force backing us up, and that is the people's Army. He expressed sincere thanks to all the troops for their support to the municipality and extended season's greetings to the broad mass of commanders and fighters.

Municipal party and government leading comrades participating in last night's meeting were Rui Xingwen, Chen Guodong, Hu Lijiao, Wang Daohan, Yang Di, Wu Bangguo, Zeng Qinghong, Chen Tiedi, Sun Guizhang, Zhang Dinghong, Shi Zhusan, Zhao Qizheng, Wang Liping, Li Zhaoji, Liu Zhenyuan, Ni Tainzheng, Ye Gongqi, Xie Lijian, Qian Xuezhong, Li Guohao, and others. The CPPCC National Committee Vice Chairman Liu Jingji, currently on a visit to Shanghai, also took part in the meeting.

Responsible comrades from troops stationed in Shanghai and the municipal People's Armed Police Corps Ping Changxi, Liu Xinwen, Liu Qingyong, Song Zongwen, Wu Xia, Huang Yan, Wang Guanliang, Lu Shouyan, Pan Qihuai and Sui Xinghui participated in the return call last night.

ZHEJIANG'S WANG FANG, XUE JU AT NEW YEAR PARTY

OW311222 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 28 Jan 87

[Excerpt] The Zhejiang provincial party committee and the provincial government sponsored a meeting at the Hangzhou Restaurant to mark the Spring Festival. Leaders of party, government, and military organizations of Zhejiang and Hangzhou as well as people from all walks of life gathered to exchange Spring Festival greetings.

After Governor Xue Ju declared the meeting open at 0900 [0100 GMT], Wang Fang, secretary of the Zhejiang provincial party committee, delivered a greetings speech.

He said: On behalf of the provincial party committee and the provincial government I wish you all a happy Spring Festival and happy family life.

After reviewing the achievements in various fields last year, which Comrade Wang attributed to people's concerted efforts and hard work, he said: During the new year, we must do two important things well according to the Central Committee's guidance.

On the ideological front, we must take a clear-cut stand in combating bourgeois liberalization. On the economic front, we must broadly carry out a movement [yun dong] to increase production, conserve resources, increase revenue, and curtail expenditure.

Comrade Wang Fang said: To combat bourgeois liberalization, we must uphold the four cardinal principles, and firmly adhere to the correct political course. Leading cadres at all levels must stand at the forefront of this struggle, and take the lead in studying the Central Committee's documents and denouncing erroneous views so that they can distinguish right from wrong and achieve a clearer understanding. The struggle must proceed according to the Central Committee's plan. It should be carried out seriously and conscientiously, and it should heed the guidance of policy. To further consolidate and develop the gratifying situation, each one of us must study seriously and strive to do practical work, so that the lines, principles, and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee can be implemented more fully. As to major assignments on the economic front, we should broadly carry out a movement throughout the province to increase production, conserve resources, increase revenue, and curtail expenditure. We must deepen our reform, and strive to enliven our enterprises, especially the large and medium ones; strengthen agricultural operations; and continue to streamline the relations between major economic sectors so that we will have an even healthier economic development. [passage omitted]

CENTRAL MILITARY COMMISSION PRAISES ZHEJIANG

OW030602 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 2 Feb 87

[Text] By striving to adapt to the strategic shift in the guiding ideology for national defense and blazing new trails, the Zhejiang Military District has achieved good results in militia work, earning praise from leaders of the Central Military Commission and the PLA general departments.

Zhejiang achieved brilliant results in integrating economic construction with the political education of its militia in 1986. Through readjustment, militia organizations reduced the number of their core members and rationalized their distribution pattern and structure. Ninety-five percent of the militia was retired and properly trained personnel. Military training of the militia was mechanized, specialized, and standardized. A large number of armed cadres was trained last year. Military training of college students was also conducted. Seven universities and secondary schools completed their military training programs.

Progress was also made in joint Army-civilian efforts in urban construction projects. More than 500 new projects were built through joint Army-civilian efforts. There are now over 2,000 such projects in Zhejiang, more than half of which have been named civilized units and advanced collectives by units at and above county level.

BRIEFS

SHANDONG ECONOMIC ZONE ACHIEVEMENTS -- Qingdao City, one of the Shandong provincial economic development zones, scored marked achievements in industrial production and technical renovations in 1986. The city realized 12.5 billion yuan of total industrial output value, a 15.4-percent increase over the 1985 figure. It introduced 83 technological items from outside places and completed 171 technical renovation projects. Its yearly output value increase reached 1.38 billion yuan and its tax and profit increase, 295 million yuan. [Excerpts] [Jinan DAZHONG RIBAO in Chinese 8 Jan 87 p 1 SK]

NANFANG RIBAO VIEWS BOURGEOIS LIBERALIZATION

HK260753 Guangzhou NANFANG RIBAO in Chinese 23 Jan 87 p 1

[Commentator's article: "Stand in the Forefront of the Struggle Against Bourgeois Liberalization"]

[Text] Shortly after street disturbances created by a small number of students calmed down the provincial party committee held a forum on the propaganda and ideological work to deeply review the ideological and political work in the past few years. This was completely necessary, and the meeting was held in good time. The meeting will certainly play a positive role in unifying people's understanding, raising consciousness, further strengthening and improving ideological and political work, and ensuring the smooth development of reform and opening up.

Why did a small number of students suddenly create disturbances under such a good situation? Why could the trend of bourgeois liberalization spread in some places? Why could the remarks negating the four cardinal principles go unchecked in some units? Why could some opinion tools be used by such leading figures of bourgeois liberalization as Wang Ruowang and Fang Lizhi? We should give serious thought to all these questions.

In fact, these phenomena did not begin recently. Some are in the offing; some have been hidden for many years; and some have been laid bare for a long time. However, some of our comrades are not sensitive and sober enough to be aware of these things, or simply dodge the contradictions for fear of causing trouble to themselves. A very small number of people even adopt a sympathetic and conniving attitude. Therefore, we must always keep sober-minded and sharp-eyed. When opposing "leftism," we should guard against rightism; in the good situation, we should guard against the hidden problems; and in the stable environment, we should continue to struggle against all erroneous words and deeds that violate the four cardinal principles. Once problems appear, we should take resolute and prompt measures to solve them in good time, and must not be weak and yield to the trend of erroneous thoughts.

People who advocate bourgeois liberalization all flaunted the banner of "democracy and freedom" and kept talking about "renewing concepts and emancipating people's minds." However, under the guise of such brilliant and high-sounding phrases, they tried hard to peddle "total Westernization," to negate the socialist system, and to advocate the capitalist system. Their arguments were greatly confusing and misleading. Some of our comrades could not perceive their insidious motives, one of the reasons being that they failed to adhere to the four cardinal principles under the new situation of reform and opening up. Some of our comrades abhor "leftist" things. This is certainly good. But they lack necessary vigilance against rightist things and opinions that negate the four cardinal principles. They cannot consciously resist these bad things, and fail to perform their duties as Communist Party members and revolutionaries. This state of affairs must not be allowed to continue.

Our introspection serves the purpose of summing up experience, drawing a lesson from mistakes, and being more conscientious and effective in participating in the struggle against bourgeois liberalization. We should realize that the current struggle has a vital bearing on the destiny of our party, on the future of our socialist cause, and on the results of our all-round reforms and the opening-up policy. So, it is an important task for the whole party. All CPC members, CYL members, state organ personnel, and cadres must take a clear-cut and firm position and stand in the forefront of this struggle and must maintain uniformity with the central leadership and side with the party. [paragraph continues]

They must not show an indifferent attitude. Some comrades are worried that the opposition of bourgeois liberalization may affect reform and opening up. These worries are unnecessary. The opposition of bourgeois liberalization is an indispensable condition for the smooth advance of reform and opening up, and adherence to the four cardinal principles is the fundamental guarantee for the successes in reform and opening up. The party central leadership has pointed out that in the struggle against bourgeois liberalization, careful attention must be paid to the implementation of policies. There should be no political movement, and the erroneous "leftist" practice must not be repeated. Our principle for carrying out all-round reforms will not change. We completely believe that through the struggle against bourgeois liberalizations, we will remove the obstacles in our way ahead and will certainly quicken the pace of socialist modernization.

REGULATIONS ADOPTED FOR GUANGZHOU DEVELOPMENT

OW221558 Beijing XINHUA in English 1508 GMT 22 Jan 87

[Text] Guangzhou, January 22 (XINHUA) -- South China's Guangdong Province adopted regulations on the Guangzhou Economic and Technological Development Zone today to encourage foreign investment.

The regulations, adopted at the 24th session of the sixth provincial People's Congress Standing Committee, stipulated the nature and purpose of the developing zone.

"The development zone is an economic and technological region which enjoys the privilege of management by the state and is directed by the Guangzhou Municipal People's Government," the regulations state.

The zone will build enterprises and scientific research institutions to produce high-technology products to promote local and national economic growth.

The regulations say that the development zone will set up a management committee which will have unified control over the region and coordinate different departments on behalf of the municipal government.

The regulations encourage foreign companies, enterprises and individuals to invest, run joint-ventures and provide advanced technology and management.

Technology provided by foreign investors can be appraised as capital stock which accounts for up to 20 percent of the registered capital of a joint venture. This must be accompanied by at least the same amount of cash or fixed capital.

The regulations, comprising 41 clauses, will go into effect as of the day of the announcement.

The development zone, east of the Huangpu District in the provincial capital of Guangzhou, was set up in 1984.

SHENZHEN OFFICIAL NOT CONCERNED ABOUT HU REMOVAL

HK260239 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST SUPPLEMENT) in English 26 Jan 87 pp 1, 8

[By Olivia Sin]

[Text] Shenzhen will continue to open to foreign investment despite the campaign against "bourgeois liberalism" that is now sweeping the country, an official of the Special Economic Zone [SEZ] said yesterday.

Qu Hua, Shenzhen's vice-secretary general, said the removal of Communist Party chief Hu Yaobang had had no bad effects on the zone.

"Business is as usual. Negotiations with foreign investors are still going on," he said after a press conference held to announce Shenzhen's industrial plans for the year.

The zone, set up several years ago as an experiment with liberal economic reforms, has always been considered the showcase of China's open-door policy.

Observers said many investors feared that the zone's pace of development would slow because of the campaign against bourgeois liberalism -- which in Communist Party terms means the denial of the superiority of socialism and the promotion of Western ideals.

Shenzhen has pioneered reforms based on capitalist principles. It has floated workers' wages and the prices of daily necessities and has set up a foreign exchange trading centre.

Whether some of the more liberal reforms will remain intact is unknown.

Niro Yashima, general manager of Hokkaido Takushoku Bank (Hong Kong), said that despite a sometimes bumpy course of development, Shenzhen would continue to play a unique role as China's window to the outside world and as a testing ground for innovative economic ideas.

Mr Qu said that to attract foreign investors, the zone planned to hold a large-scale investment symposium later this year that would seek to bring together representatives from various provinces and ministries and foreign investors.

He said the SEZ hoped to attract more than \$3 billion in foreign investments this year -- double the figure for last year.

Total foreign investment in China last year dropped more than 40 percent from 1985 because of economic consolidation and increased frustration among foreign investors.

Mr Qu said that after a year's adjustment and reinforcement from the central government, the zone's economy was back on the right track. Infrastructural facilities such as power supplies and telecommunications and transportation links were improving.

"Now is the best time to invest in Shenzhen," he said, adding that zone authorities were looking at ways to further reduce the SEZ's landuse fees and other administrative charges to increase its competitive edge over other coast cities.

Since the beginning of this year, foreigners who have not applied for visas to China in their home countries have been admitted into Shenzhen on five-day visas issued upon arrival.

Mr Qu said the SEZ was conducting a study of the current investment climate to see whether further improvements were needed. The study would be completed in the first quarter of the year, at which time preferential investment packages could be announced.

Shenzhen's industrial output last year totalled about 3.5 billion yuan (about HK\$7.35 billion), of which about 45 percent was exported, he said. Industrial output of four billion yuan had been targeted for this year.

He said the SEZ planned to boost production of colour TVs, video cassette players, motorcycles and cars for export to generate foreign exchange.

Other industries that would be welcomed were textiles, food processing, construction materials, non-ferrous metals and petrochemicals.

GUANGXI APPRAISES CADRES IN DEMOCRATIC WAY

HK261121 Nanning Guangxi Regional Service in Mandarin 1030 GMT 23 Jan 87

[Excerpts] To explore experiences in appraising cadres in a democratic way in our region, in accordance with the spirit of the relevant directives of the Organization Department of the CPC Central Committee and with the consent of the principal leader of the regional party committee, the Organization Department of the regional party committee has recently appraised leading cadres at the departmental level in a democratic way and conducted a public opinion poll.

After appraisal, the ideology, work style, and work of these leading comrades have been practically and realistically appraised and the existing problems pointed out without being covered up, resulting in promoting understanding and unity between the upper and lower levels.

Those participating in this appraisal included all cadres of the Organization Department of the regional party committee, the representatives of the organization departments of all prefectural and city party committees, and responsible persons of all departments at the regional level and of the cadre personnel divisions of departments and bureaus concerned.

With a view to doing a good job in appraisal, (Guo Xiquan), regional party committee Standing Committee member and Organization Department director, convened a meeting of all comrades participating in appraisal, explained guiding ideology, and demanded: Under the premise of adhering to the four cardinal principles, it is necessary to keep the public interest in mind, to seek truth from facts, to say all you know, and to be bold in stressing truth, not face, to give play to the role of criticism and self-criticism. [passage omitted]

After the conclusion of appraisal, leaders of the department held a meeting on democratic life to digest the views put forward in the course of appraisal and to study and work out measures for improvement. [passage omitted]

Through this appraisal, the vitality of organization work has been strengthened and the supervision of the lower level over the upper level stepped up. The views have been exchanged between the upper and lower levels so that upper-level leaders can directly listen to the views and demands of the lower level. In the future, the lower level will be bold in speaking bluntly about the achievements and shortcomings of the upper level to promote stability and unity and to provide our region with experience in gradually carrying out democratic appraisal of cadres in a guided way.

GUANGXI'S CHEN HUIGANG NOTES LIBERALISM CONFLICT

HK250249 Nanning Guangxi Regional Service in Mandarin 1030 GMT 24 Jan 87

[Text] Yesterday morning, the regional party committee convened in Nanning a meeting of responsible party comrades of the regional organs to make arrangements for seriously studying the communique of the enlarged meeting of the CPC Central Committee Political Bureau and the spirit of relevant central documents. The meeting demanded that the party-member cadres throughout the region and the regional organs uphold the four cardinal principles, uphold the principle of reform and opening up, take a firm and clear-cut stand in opposing bourgeois liberalization, work in concert to preserve and develop the excellent situation of stability and unity in the region, and score outstanding success to greet the 13th party congress.

Regional party committee Secretary Chen Huiguang made an important speech. He said: The relevant central documents and the decisions on Central Committee reshuffles made by the enlarged meeting of the CPC Central Committee Political Bureau are of major significance for more effectively waging the struggle to uphold the four cardinal principles and oppose bourgeois liberalization, for better implementing the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, for consolidating and developing the political situation of stability and unity, and for developing the excellent situation.

We resolutely support the decisions of the enlarged meeting of the CPC Central Committee Political Bureau. We will maintain a high degree of ideological and political unity with the CPC Central Committee, unswervingly implement the line, principles, policies, and resolutions decided by the CPC Central Committee, and take a firm and clear-cut stand in opposing bourgeois liberalization. The leaders at all levels must stand in the forefront of the struggle against bourgeois liberalization.

In view of the current situation and the realities in the region, Chen Huiguang spoke on the current work tasks. He said: The leadership groups at all levels must take the lead in study, and organize the party members and cadres of their units to study the relevant central documents and the communique of the enlarged meeting of the CPC Central Committee Political Bureau, to enhance understanding and unify their thinking. In connection with reality, they should also sum up the experiences and lessons in upholding the four cardinal principles and opposing bourgeois liberalization in the past few years, eliminate weakness, and ensure that they take a firm and clear-cut stand.

Chen Huiguang stressed in his speech: We will not organize a political campaign in the struggle against bourgeois liberalization. We will not follow the leftist methods of the past. We must focus on conducting education, setting out the facts, and speaking reason. Regarding comrades with erroneous ideas, we should, according to the circumstances, conduct education by positive example or practice criticism and self-criticism.

We will not make everyone go through an ordeal. We must seriously investigate and deal with people who gravely violate party and government discipline. We must also deal severely with people of three categories who seize the chance to raise an unjustifiable uproar. We must deal according to law with people who break the law.

Chen Huiguang said: Our struggle against bourgeois liberalization is restricted to the ideological field. We will maintain unchanged the economic policies now being implemented. We must continue with reform, opening up, and invigoration, and continue to develop the political situation of stability and unity.

Chen Huiguang said: We must strengthen leadership over propaganda and media work, and ensure that media such as newspapers, publications, radio, television and so on are firmly in the party's hands. The leaders at all levels must place work in the ideological field in an important place on their agenda, and do a good job in consolidating, strengthening, and improving the ranks of journalism and propaganda, so as to maintain the combat strength of these ranks. Party members working on the journalism front must enhance their political quality, do still better at grasping the overall situation, act as the party's mouthpiece, and spontaneously stand in the forefront of opposing bourgeois liberalization.

We must be concerned for work in the schools and strengthen leadership over it. We must step up ideological and political work in the schools and build their leadership groups well.

Comrade Chen Huiguang said: We must bring into play the spirit of arduous struggle and building an enterprise with hard work, and launch an extensive and deep drive to increase production and practice economy and to increase revenue and economize expenditure. These are important principles in China's economic construction, and are also a magic weapon in our socialist construction. Launching this drive is in accord with China's national condition and Guangxi's regional condition. It is a good way of resolving the shortage of construction capital and of developing production. It will help to preserve the situation of stability and unity and to promote a turn for the better in party style.

He said: The most fundamental thing in launching this drive is to display the spirit of arduous struggle in everything we do. So long as we genuinely attach ideological importance to the work of increasing production and practicing economy and increasing revenue and economizing expenditure, and fully mobilize the masses to do thoroughly sound work in this respect, we will certainly be able to gain excellent results.

Wei Chunshu and Jin Baosheng, deputy secretaries of the regional party committee, also spoke at the meeting. Also present were Deputy Secretaries Tao Aiyang and Li Zhenqian, and members of the regional party committee Standing Committee. Also present were Deputy Secretaries Tao Aiyang and Li Zhenqian, and members of the regional party committee Standing Committee. Also present were responsible comrades of the regional People's Congress Standing Committee, government, Advisory Commission, Discipline Inspection Commission, CPPCC, the regional organs, and the party committees and groups of some tertiary education institutes.

HAINAN CONFERENCE PLANS YEAR'S ECONOMIC WORK

HK290319 Haikou Hainan Island Service in Mandarin 1100 GMT 27 Jan 87

[Excerpts] The Hainan Administrative Regional Government held a regional planning conference in Haikou from 23 to 25 January, to convey and implement the spirit of the national and provincial planning conferences and study and make arrangements for the region's national economic and social development plan for 1987. Meng Qingping, the principal responsible person of the regional government, attended and spoke. [passage omitted]

The meeting pointed out that despite the achievements, there were also some serious problems in Hainan's execution of the plan last year. For instance, the sugarcane area was reduced. This had a direct impact on the economic results of the refineries. The afforestation plan was not fulfilled. The number of industrial enterprises running at a loss increased, and profits declined. Foreign trade and exports did not develop evenly, and the production costs of earning foreign exchange increased. Generally speaking, however, the region's economic situation continued to develop well. A very good start was made to fulfilling the Seventh 5-Year Plan. [passage omitted]

The meeting held: This is the first year in which Hainan is given separate listing in the plans. In its economic work and planning arrangements this year, the region must implement the new style of arduous struggle, building the country with hard work and thrift, making greater contributions, and strictly adhering to discipline, called for by the central authorities, and implement the spirit of increasing production and practicing economy and increasing revenue and economizing expenditure. In accordance with the demand of development socialist commodity economy, we must take further advantage of the region's strong points in opening up to the world and in natural resources. We must continue to open up, deepen the reforms, further strengthen macroeconomic controls, harmonize relations between upper and lower levels, unite as one, and work in concert to continually promote the region's economic construction.

The region's industrial and agricultural output value is initially planned at 4.3 billion yuan, a rise of 9.5 percent over last year. To attain this goal, we must, in agriculture, strive for a big increase in grain and sugarcane production and vigorously develop commodity economy. We must stabilize the grain and sugarcane areas, improve the yields, and increase total output. We must make full use of barren mountains and slopes and water to develop tropical crops. We must also get a good grasp of circulation and vigorously develop the township and town enterprises. [passage omitted]

In industry, we must continue to focus on readjusting the product mix and improving economic results. We must grasp quality and standards and thereby improve economic results. We must do a good job in producing goods for earning foreign exchange through exports. [passage omitted]

We must strengthen controls over foreign exchange and over imports and exports, and use foreign exchange in a rational way. We must actively develop tourism and increase foreign exchange earnings from non-trade sources.

In capital construction, we must continue to take stock of projects under construction and ensure the construction of key projects for the region's development. We must get a good grasp of construction at Haikou Thermal Power Station, and Yangpu, Haikou, Basuo, and Qinglan ports. [passage omitted]

BEIJING PEOPLE'S CONGRESS STANDING COMMITTEE MEETS

SK010459 Beijing BEIJING RIBAO in Chinese 24 Jan 87 p 1

[Excerpts] The 34th Standing Committee meeting of the 8th Beijing Municipal People's Congress opened on 23 January. The meeting earnestly studied the "decision" made by the NPC Standing Committee on enhancing the education about legal systems to safeguard the situation of stability and unity and held enthusiastic discussions. At the meeting, the participants pledged to extensively and deeply conduct education about the Constitution and the law among the people throughout the municipality and to join the people in upholding the four cardinal principles and carrying out the struggle against bourgeois liberalism to the end by taking a clear-cut stand.

During the meeting, the participants contended that the decision made by the NPC Standing Committee is an important document concerning the task of consolidating and developing the country's excellent situation of stability and unity and ensuring protracted social order and peace in the country. It is also an important legal document on conducting education about the Constitution among the people throughout the municipality and a powerful weapon for upholding the four cardinal principles and opposing bourgeois liberalism. They unanimously pledged to support the "decision." [passage omitted]

During the meeting, the participants pointed out: The "decision" has clearly reiterated the Constitution's provisions on upholding the four cardinal principles and its other basic provisions. These provisions have most important significance for the present and the future. [passage omitted]

During the meeting, the participants stated that all citizens, social communities, enterprises, and establishments should be responsible for safeguarding the sanctity of the Constitution and ensuring its enforcement. Upholding the four cardinal principles is the general guiding ideology of the Constitution and reflects the law of historical development and the will of the people throughout the country. [passage omitted]

In their speeches, the participants pointed out: In implementing the decision made by the NPC Standing Committee on enhancing the education about legal systems to safeguard the situation of stability and unity, the leadership at all levels should take a clear-cut stand and adopt a firm attitude toward the work. Leading cadres and congress deputies at all levels should be vanguards in waging the struggle against bourgeois liberalism, take the lead in studying and publicizing the decision, and set examples in observing and implementing the decision. [passage omitted]

Zhao Pengfei, chairman of the municipal People's Congress Standing Committee, and Ma Yaoji, vice chairman of the municipal People's Congress Standing Committee, presided over the meeting. Attending the meeting were vice chairmen of the municipal People's Congress Standing Committee, including Pan Yan, Ma Yaoji, Wen Jiasi, Pu Jiexiu, She Diqing, Chen Shaoming, Zhang Dazhong, Xing Jun, Rong Yi, and Xia Qinlin. Attending the meeting as observers were He Fangba, chief procurator of the municipal People's Procuratorate, and responsible persons from the standing committees of various districts and counties.

The meeting continues today.

Will Convene Plenary Session

SK010539 Beijing BEIJING RIBAO in Chinese 25 Jan 87 p 1

[Text] The 34th Standing Committee meeting of the 8th municipal People's Congress adopted a decision on 24 January on convening the sixth plenary session of the eighth municipal People's Congress on 5 March this year. The major items of the session's agenda are to hear and examine the work report of the municipal people's government; to examine and approve the implementation of the 1986 National Economic and Social Development Plan and the 1987 plan in this regard; to examine and approve the implementation of the 1986 financial budget and the 1987 financial budget; and to hear and examine the work reports of the municipal People's Congress Standing Committee, the municipal Higher People's Court, and the municipal People's Procuratorate.

Meeting Ends

SK010527 Beijing BEIJING RIBAO in Chinese 25 Jan 87 p 1

[Excerpts] The 34th Standing Committee meeting of the 8th municipal People's Congress concluded on 24 January. The meeting decided to convene the sixth plenary session of the eighth municipal People's Congress on 5 March this year.

During the 24 January meeting, the participants unanimously approved the "decision" made by the municipal People's Congress Standing Committee with regard to convening the sixth plenary session of the eighth municipal People's Congress, and offered their suggestions on the major items of the sessions's agenda.

Through earnest and full discussions, the meeting approved the "resolution" on earnestly studying and implementing the "decision" made by the NPC Standing Committee on enhancing the education about legal systems to safeguard the situation of stability and unity.

The meeting also discussed the "provisional regulations (draft)" submitted by the provincial people's government on seed quality control of agricultural crops. [passage omitted]

During the meeting, the participants revised and approved the "provisional regulations (draft)" in line with the opinions put forward at the meeting.

The meeting heard and discussed the "report" given by Vice Chairman Ma Yaoji on the opinions on enhancing legal supervisory work and the work of dealing with motions and the reports given by Wang Zhao Yue, deputy secretary general of the municipal People's Congress Standing Committee, and by Tie Ying, deputy secretary general of the municipal people's government, with regard to dealing with the suggestions, criticisms, and opinions offered by the deputies at the fifth plenary session of the eighth municipal People's Congress. The meeting also discussed and approved the "decision" made by the municipal People's Congress Standing Committee on the quota of electing deputies to next-term congresses at the district-county level and some personnel changes.

Zhao Pengfei, chairman of the municipal People's Congress Standing Committee, and Ma Yaoji, vice chairman of the municipal People's Congress Standing Committee, presided over the 24 January meeting. Feng Mingwei and Huang Chao, vice mayors of the municipality, attended the meeting as observers.

BEIJING'S LI XIMING AT RURAL WORK CONFERENCE

SK300030 Beijing BEIJING RIBAO in Chinese 17 Jan 87 p 1

[Excerpt] Efforts should be made to conduct education about upholding the four cardinal principles and opposing bourgeois liberalism; to deepen the drive to conduct reforms; to heighten our spirit and develop the commodity economy in an overall way; to continuously carry forward the specialization, commercialization, and modernization of the rural economy; and to lay a solid foundation for fulfilling the rural economic development targets during the implementation of the Seventh 5-Year Plan. All of these are the municipality's basic tasks for rural work in 1987, which were put forward at the municipal rural work conference which concluded on 15 January.

Attending and addressing the conference were Li Ximing, secretary of the municipal party committee; Wang Xian, chairman of the municipal Advisory Commission; Jin Jian, deputy secretary of the municipal party committee; and Huang Chao, vice mayor of the municipality. In his speech Comrade Li Ximing pointed out: By bearing in mind the tasks of carrying out the party rectification drive and studying and implementing the relevant directives issued by the central authorities, the rural areas must conduct education about upholding the four cardinal principles and opposing bourgeois liberalism so as to enable party members and cadres to clarify their ideology, to upgrade their understanding, to persistently act in union with the CPC Central Committee, and to consciously follow the four cardinal principles.

He also pointed out that rural areas should chiefly study the relevant documents issued by the central authorities and conduct education about positive deeds. It is imperative for them to grasp policies well and to refrain from confusing the blurred ideas in the people's ideology with statements and actions opposing the party's leadership and the four cardinal principles, as well as from confusing the measures adopted for the drive to enforce the policy of opening to the outside world in order to enliven the domestic economy and the faults cropping up in work with bourgeois liberalism. Through education, efforts should be made to further implement the party's principles and policies on rural work in order to promote the situation of stability and unity, to deepen the drive to conduct reforms, and to develop the economy.

During the conference, Comrade Huang Chao delivered a report in which he reviewed the municipal achievements scored in the drive to conduct reforms in the rural areas and to build the two civilizations, and put forward the guiding ideology and general tasks for rural work in 1987. He pointed out that the five key tasks of rural work this year are as follows:

1. Efforts should be made to further improve the household responsibility system, which bases remuneration on farm output, and to resolutely carry out land utilization and develop the economy on a suitable scale. [passage omitted]
2. A good job should be done in continuously conducting reforms among town-run enterprises to enable them to achieve further development. [passage omitted]
3. Strenuous efforts should be made to enhance the establishment of lateral economic associations and the introduction of outside technology and capital. [passage omitted]
4. Efforts should be made to further deepen the drive to conduct reforms in the systems of commodity circulation. [passage omitted]

5. A good job should be done in improving the drive to conduct reforms in rural systems and carrying out the coordinated projects of the drive. [passage omitted]

The conference commended six counties and districts, including Shunyi, Tongxian, Changping, Huairou, Chaoyang, and Mentougou, as well as 30 townships and farms which scored marked achievements in developing the economy and building the two civilizations in 1986.

HEBEI PARTY MEETING SUPPORTS POLITBURO DECISIONS

HK280215 Shijiazhuang Hebei Provincial Service in Mandarin 0000 GMT 27 Jan 87

[Excerpt] From the evening of 24 January to yesterday morning, the Hebei Provincial CPC Committee Standing Committee held an enlarged meeting to seriously study and discuss the communique of the enlarged meeting of the Political Bureau of the CPC Central Committee and the important speeches of leading central comrades. The meeting expressed unanimous support for the decisions of the enlarged meeting of the Political Bureau of the CPC Central Committee and pledged to unite still more closely around the CPC Central Committee, maintain a high degree of political unity with it; uphold the four cardinal principles; take a firm and clear-cut stand in opposing bourgeois liberalization; continue the principles of reform, opening up, and invigoration; and further consolidate and develop the excellent situation in Hebei. [passage omitted, including indistinct passage]

The participants held: The current stress on upholding the four cardinal principles and launching the struggle against bourgeois liberalization is precisely for the purpose of correctly and fully implementing the line of the Third Plenary Session. It will certainly not affect reform, opening up, and invigoration.

The meeting held: Although the number of people pursuing bourgeois liberalization is very small, due to their incitement and menace, we cannot underestimate the evil impact they have. We must take a firm and clear-cut stand in this struggle and adopt proper methods. We must clarify through discussions major issues right and wrong. However we must certainly not organize a political campaign, repeat the erroneous leftist methods of the past, force everyone to go through the ordeal, or inflate the struggle. [passage omitted]

Studying and implementing the communique of the enlarged meeting of the CPC Central Committee Political Bureau and the spirit of the important speeches of leading central comrades constitute a major affair at present. After several days of study and discussion, the participants felt that they had only conducted initial study and must still spend a concentrated period of time in studying, appreciating, and implementing them in depth. It is necessary to take a firm and clear-cut stand in the struggle for upholding the four cardinal principles and opposing bourgeois liberalization. Through study and practice, it is necessary to further strengthen the party's ideological and theoretical building, put inner-party political life on a sound basis, uphold democratic centralism, strengthen ideological and political work, build the two civilizations together, and ensure that all work in the province will develop in the correct political direction.

Xing Chongzhi, secretary of the provincial party committee, and deputy secretaries Xie Feng, Li Wenshan, (Ye Qifeng), and Lu Chuanzan presided at the meeting.

HEILONGJIANG CPC STUDIES CARDINAL PRINCIPLES

SK300201 Haibin HEILONGJIANG RIBAO in Chinese 15 Jan 87 p 1

[Text] A few days ago, the provincial party committee successively held two (enlarged) Standing Committee meetings to study the principles and policies of the central authorities on upholding the four cardinal principles and opposing the ideological trend of bourgeois liberalism, to analyze the province's political and economic situation, and to arrange the province's current work.

Participants held: In the preceding stage, a small number of the people with ulterior motives tried in vain to take advantage of the time when a few students made trouble to create chaos and sabotage the situation characterized by stability and unity. This is a serious matter which cannot be underestimated and results from the fact that the ideological trend of bourgeois liberalism has run rampant over the past few years. We are never allowed to tolerate but should have a clear-cut stand to wage the struggle against such an ideological trend. The success in the struggle is directly related to the destiny of the party and the state. Thus, we should closely follow the plan of the party Central Committee and guide party members, cadres, and the masses throughout the province to stand in the forefront of the struggle against the ideological trend of bourgeois liberalism.

The meetings made specific arrangements for how to wage the struggle against the ideological trend of bourgeois liberalism.

The party organizations at all levels should pay close attention to the current struggle against the ideological trend of bourgeois liberalism. We should conscientiously study the principles and policies of the central authorities, Comrade Deng Xiaoping's important instructions made over the past few years on opposing bourgeois liberalism, and the "CPC Central Committee's Resolution on Guiding Principles for Building Socialist Spiritual Civilization;" and should deepen our understanding of the the great significance of the work of upholding the four cardinal principles and opposing the ideological trend of bourgeois liberalism. Through study, the party organizations at all levels, party members, cadres, and the masses will further upgrade their ideological understanding and unify their thinking with the principles and policies of the central authorities. The vast number of the Communist Party members and the CYL members should have a clear-cut stand and do concrete deeds to uphold the four cardinal principles, to resist the ideological trend of bourgeois liberalism, and to safeguard and develop the excellent situation characterized by stability and unity.

Prominent figures' words and actions which run counter to the four cardinal principles and advocate bourgeois liberalism should be criticized. The words and actions that advocate total Westernization, help make up lessons on capitalism, and uglify the party should be criticized. The words and actions that call for transforming the party and sow dissension between the party and the intellectuals, particularly young intellectuals, should be criticized. The words and actions that uglify socialism under the guise of "writing realities" and the works that bring about trouble in some localities and units should be criticized. While conducting criticism, we should make sure to grasp accurate facts, present the facts, and reason things out so as to truly have the vast number of the cadres and the masses, particularly, the students who do not understand the real facts, draw lessons from it.

We should conduct education on upholding the four cardinal principles among the cadres and the masses throughout the province. Opposing bourgeois liberalism is a long-term task. In line with actual conditions, all localities should vividly conduct various forms of education on the four cardinal principles. The provincial party committee should make specific arrangements for this. [paragraph continues]

At present, all localities should concentrate their greatest energy on conducting ideological and political work among cadres and the masses. The party organizations at all levels; mass organizations, including trade unions, CYL committees, and women's federations; and schools, the society, and families should show concern for the growth of the students, and should use this winter vacation to properly organize the students to participate in social practical activities in order to help students enhance their understanding of society. We should adopt various methods to vividly conduct education on the situation and policies among the students in an effort to enable them to spend their winter vacations healthfully and beneficially.

The education on upholding the four cardinal principles and opposing the ideological trend of bourgeois liberalism is carried out to ensure that reform and the work of opening to the outside world advances smoothly along with the correct orientation. While waging the struggle against the ideological trend of bourgeois liberalism, all localities should make sure to achieve reform and the work of opening to the rest of the world. This year, we should firmly grasp industrial and agricultural production and the work in all fields. The vast number of workers, peasants, and intellectuals should make outstanding achievements to promote the development of the excellent situation characterized by stability and unity.

We should vigorously strengthen the construction of propaganda and cultural fronts. The mass media, such as the press, periodicals, radio, and television, should justly and forcefully disseminate the leadership of the party, the superiorities of socialism, and the achievements in the four modernizations. We are never allowed to make speeches on violating the four cardinal principles in the newspapers, periodicals, radio, television, and organizations' platforms. Theoretical, press, publication, radio, television, and literature and art departments should produce more and better intellectual products for the people on the premise of persisting in the four cardinal principles. At present, we should pay attention to enlivening the people's spare time cultural life and to present varied and colorful literary and artistic programs for the Spring Festival stages.

We should have a clear-cut stand and take a firm attitude to oppose bourgeois liberalism. However, we must not adopt simplified methods to carry out the work. All localities should grasp policies and distinguish the small number of the people who advocate the ideological trend of bourgeois liberalism from the majority of the masses, including the young students with confused ideas and wrong understanding. We should unite and educate the latter group of people and carefully conduct ideological work among them in an effort to upgrade their ideological understanding.

HEILONGJIANG RIBAO ON ARTICLES BY LIU BINYAN

SK280047 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 26 Jan 87

[HEILONGJIANG RIBAO 27 January article by (Ji Xuan) and (Yan Sifen): "Uglify the Party and Create Disorder in Localities in the Name of Reporting Truth -- Criticizing Liu Binyan's Works on Heilongjiang and His Speeches Delivered in Heilongjiang"]

[Text] The article states: Since 1979, Liu Binyan visited Heilongjiang on many occasions, and published 19 articles on the people and events of Heilongjiang, including "Between Man and Demon," "The Purpose of Personnel Affairs," "The Center of Personnel Affairs," "Tell You a Secret," and "An Unfinished Disaster." These articles involved four cities, one prefecture, and two counties.

More than 100 persons, from provincial-level cadres down to workers, were criticized and attacked openly by name. None of his articles on our province were opposed, criticized, or strongly protested by the cadres and people who knew the truth. "Between Man and Demon" was a reportage on real persons and events, which he was most proud of, and which had the greatest influence. In fact, this was an article seriously distorting the facts which uglified to the maximum the Binxian County party committee, and uglified and attacked a great number of cadres in the name of exposing the social foundation for Wang Shouxin's embezzlement case. In this article, 68 cadres were mentioned by name, of whom only 6 were positive characters, and the others were portrayed by Liu Binyan as a social foundation for Wang Shouxin. After it was published, the article created great chaos in the country. Checking Liu Binyan's articles and speeches against facts, we found no difficulty in discovering that things were exaggerated, even turned upside down, or fabricated on many occasions. In order to clarify facts, and distinguish right from wrong, the provincial party committee, and the city and prefectural party committees had to organize 6 investigations groups composed of more than 70 people to investigate and verify one by one the incidents and persons Liu Binyan mentioned in his articles. The investigation reports they wrote totaled 3 to 4 million words. We can see from this that the difference in principle between us and Liu Binyan did not begin today. Liu Binyan advocated reports on truth, and pursued the creed that not reporting the dark side of things represented the greatest untruthfulness. Through this, he not only seriously uglified the party and the socialist system but harbored evil intentions to sow dissension between the party and the masses and between cadres and the masses, resulting in disorder in the localities. It is obvious to all that chaos has occurred in the places into which Liu Binyan poked his nose. This is the essence of the problem.

The article states: It is by no means accidental that Liu Binyan for so long a period of time has violated the political discipline that we should uphold the four cardinal principles in press, broadcasting, and propaganda fields, the propaganda discipline that we should clearly check the facts of criticism, the organizational discipline that news reports should be carried out under the leadership of party organizations, disregarded the rudimentary professional ethics, and brazenly slandered the party and created chaos. It was decided by his political purpose to totally negate the socialist system and advocate the capitalist system.

More Criticism

SK270903 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 26 Jan 87

[HEILONGJIANG RIBAO 27 January commentator's article: "A Comment on Liu Binyan's Methods and Purposes"]

[Text] For quite a long period, Liu Binyan, bearing the titles of RENMIN RIBAO reporter and writer, engaged neither in normal news reporting nor in normal literature and art creative writing. Instead, through his reports on real persons and events, he engaged in exposing his so-called degeneration of the Communist Party. He was very active for some time in writing articles or giving speeches on this in many places throughout the country. Through his special activities, he negated the four cardinal principles and advocated bourgeois liberalism. Now, in line with the stipulations of the party Constitution, the party organization has expelled him from the party. This is totally justifiable.

The cadres and people of Heilongjiang Province have long been aware of Liu Binyan's acts. Over the past few years, he has come to our province to engage in activities on many occasions and has written many articles, for which he felt much self-satisfaction, but which, in reality, were seriously inconsistent with facts -- even confusing right and wrong -- and launched malicious slander. Assuming the posture of redressing injustices for the people, he acted overtly or covertly for the purpose of shaking off local party organizations and showed no respect for or consideration to the proper opinions of local party organizations. Wherever he went, he made arbitrary conjectures and wrote indiscreetly based merely on scattered, one-sided materials or even gossip without conducting overall and meticulous investigations.

Why did Liu Binyan do so? He has a point-blank answer to this. He said that the purpose of his writing "Between Man and Demon" and other works was to reveal the truth -- the corruption of the CPC. Because he observed life through colored spectacles and collected materials everywhere to serve as footnotes for his theory on corruption, every place described by his pen of gloom is covered with ants, the places in his stories are pitch black no matter how serious or minor their problems are, and the leaders and party organizations in these places, except for a very few, are all corrupt, degenerate, and hopeless bureaucrats. However, some persons of dubious character who were fond of stirring up small disorders became heroes because they had supplied him with materials to his liking. To put it bluntly, his works on the so-called real persons and events are nothing but specious materials he had collected at random which he used to exaggerate things and make oblique accusations. His purpose was no more than to uglify party organizations and party cadres, vilify our socialist system, and dampen the people's spirit of advancing bravely to accomplish the four modernizations. We can say that Liu Binyan is in our debt, and that we have been carrying out resolute struggles against him for years.

As a reporter of the party newspaper, Liu Binyan, or anyone else, has the right and responsibility to gather materials and to report in line with party principles, including exposing unhealthy trends and bureaucratic phenomena. However, all reporters of party newspapers should abide by their work principles, of which the most important ones are to uphold the party spirit with the four cardinal principles as the core and to abide by political and work discipline, and to adhere to the principle that news reports should be totally true. In his news gathering activities in our province, Liu Binyan violated exactly these two principles to a serious extent. Having been engaged in the party's news work since the early 1950's, Liu Binyan knew clearly about the work principles. However, he had no intention of abiding by them. He had his own guiding ideology. Politically, he attacked the four cardinal principles -- which are the foundation for building the party and the state -- as outworn, conservative in content, and even reactionary. As far as his viewpoints on news reporting are concerned, he highly praised the bourgeois freedom of news reporting, and denied the political discipline for the work of party newspapers as an attempt to shake off party leadership over press work. In one of his speeches delivered in our province, he said: In foreign countries, reporters are called kings without crowns. We do not ask to be king without crowns. But can we not just refuse to be grandchildren? Before writing a report, we have to ask for instructions not only from newspaper offices but also from local party committees. What Liu Binyan pursued was that newspapers and newspaper reporters could become the third force next only to government and parliament, just as in Western countries.

From the above speech, we can see that Liu Binyan put himself on the opposite side of the party long ago, and has no taste for Communist Party members and party newspapers at all. Liu Binyan's activities in our province caused the seriously negative consequence of disorder. Contrary to facts, his reportage criticized some people and supported others, breaking up the unity of the masses.

He uglified and slandered party organizations, and made some people who were unaware of the truth mistakenly think that the party is truly corrupt and degenerated, thus sowing discord between the masses and the party. Throughout his works, he turned things upside down and started rumors to slander people, thus confusing the local people, and causing serious mental damage to those involved. All this created many difficulties and troubles for local party organizations and governments, who had to devote a great deal of effort to deal with their aftermath.

In the past, some people thought that Liu Binyan was a reporter of the party newspaper from Beijing who had powerful backing and remarkable ability. Now the whole truth has come out. Although the forms and scopes of his activities were different from those of Fang Lizhi and others, their purpose and danger were identical -- through creation chaos and exerting pressure, to attempt to force our party to give up the four cardinal principles and its line, principles, and policies which have been proven correct in practice and have been supported by the people since the 3d Plenary Session of the 11th CPC Central Committee, and to carry out bourgeois liberalism and other ideas they advocated. The masses must see through their intentions.

LIAONING COMMENTARY UPHOLDS MARXIST THOUGHT

SK030447 Shenyang LIAONING RIBAO in Chinese 19 Jan 87 p 1

[LIAONING RIBAO commentator's article: "It Is Necessary To Uphold Marxism-Leninism-Mao Zedong Thought"]

[Text] Marxism is a complete and well-organized scientific system which embraces philosophy, political economics, and scientific socialism. Over the past century and more, Marxism has guided the proletariates and the oppressed people of the world in the struggle to oppose bourgeois rule, to fight for freedom and liberation, and to score brilliant success. The socialist cause has advanced forward under the guidance of Marxism. The Marxist theory has been further enriched and developed in the course of practice. Marxism has changed and is changing the outlook of the world.

The October Revolution brought Marxism and Leninism to China and kindled the flames of the Chinese revolution. From then on, the Chinese revolution started a new era. The Chinese Communist Party which was built on the theoretical basis with Marxism and Leninism as its guidelines led the Chinese people to overthrow the three great mountains of imperialism, feudalism, and bureaucrat-capitalism. The Chinese people became the genuine masters of the state for the first time. Mao Zedong Thought is the brilliant crystallization which combines the universal Marxist and Leninist principles with the concrete practice of the Chinese revolution. Without the guidance of Marxism-Leninism-Mao Zedong Thought, the great victory of the Chinese revolution and the socialist republic with the people as its masters would have been impossible. This is the basic political knowledge we must know today.

As in the revolutionary period, the socialist construction undertakings which we are carrying out can be advanced only under the correct guidance of Marxism. Over the past 30 years or so since the founding of the country, practice has proven that to ensure victory in China's socialist cause, we must firmly uphold Marxism-Leninism-Mao Zedong Thought.

To uphold Marxism, we must first study it, clearly understand its basic theory, and apply it to practice to transform the world. At present, some young people seem to pay more attention to the study of specialized knowledge. This should be encouraged.
[paragraph continues]

However, they neglect the study of Marxism. Many people have failed to conscientiously study even a few Marxist books. Together with their lack of knowledge of Chinese history and the present situation, some of them have lost their bearings and have become captives of the erroneous trend of thought when the ideological trend of bourgeois liberalism arrived. A small number of people who are enthusiastic in promoting bourgeois liberalism take advantage of this weak point in young people to spread their evil ideas. Under the signboard of Marxism, they distort and revise Marxism; some openly negate the Marxist basic theory, and peddle bourgeois "democracy" and "freedom," in an attempt to poison the young people and the social atmosphere and to disrupt the situation of stability and unity. When they openly negated the Marxist basic theory, they did not present anything scientific. Besides talking nonsense and purposefully inciting the people and cursing leaders, they did not provide new things but used ones belonging to those people who opposed Marxism in the past. Youths of our present age are shouldering the heavy tasks of building the motherland. The future of the country belongs to them. In the days to come, various trends of thought will emerge in society. Therefore, we should have a firm stand, and should not be confused by erroneous trends of thought. We should conscientiously study Marxism because only by studying Marxism can we uphold it.

Marxism is being practiced and developed. It can be upheld and developed only in the course of practice. Marxism itself does not have the ultimate truth. Instead, it opens a way to understand the truth. Because of this, we have consistently maintained that it is necessary to creatively apply Marxism in the light of the concrete practice of revolution and national construction. Dogmatism is not Marxism. We should oppose it. The common trick of a Marxist opposer who opposes dogmatism in name and negates and defames Marxism in reality must be exposed. Our current reform of the economic and political structures does not mean to discard Marxism or to implement the so-called "non-Marxism-Leninism;" on the contrary, the success of reform will not be departed from the guidance of Marxism. Exploring a way to build socialism with Chinese characteristics during reform is a strategic policy decision compatible with China's national conditions and the historical law of development which the party Central Committee has put forward in line with the Marxist theoretical principles. Reform represents the self-improvement of socialism. It enables our country's production relations to better suit the needs of the economic base. This is precisely the basic Marxist viewpoint concerning historical materialism. If we negate the guidance of Marxism, reform will go astray, our socialist achievements will be destroyed, and the people will become slaves and the exploited class again. This will not be accepted by the many millions of people.

The fact that a small number of students took to the streets to make trouble has reminded us that we must not underestimate the ideological trend of bourgeois liberalism. To ensure the accomplishment of the great cause of the four modernizations, we must hold aloft the banner of Marxism-Leninism-Mao Zedong Thought, uphold the four cardinal principles, and resist and oppose bourgeois liberalism. This is a firm and unshakable principle for the entire process of carrying out socialist construction.

BRIEFS

JILIN GRAIN PROCUREMENT -- As of 16 January, peasants in Jilin Province had sold 5.536 billion kg of grain to the state, 36 million kg more than the province's grain procurement quota. The province has made great efforts to improve its grain warehouse facilities to ensure proper storage of newly procured grains. [Summary] [Beijing XINHUA Domestic Service in Chinese 0716 GMT 19 Jan 87 OW]

RENMIN RIBAO VIEWS TAIWAN-U.S. TRADE DISPUTE

HK230201 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 22 Jan 87 p 5

[Article by Chen Bing (7115 0393): "Controversy Over the Method of Calculating the Taiwan-U.S. Trade Turnover"]

[Text] The United States has put further trade protectionism pressure on Taiwan because Taiwan had a favorable balance of some \$13.5 billion in last year's trade with the U.S. Taiwan's public opinion felt aggrieved at this. Some people in economic circles believe that the method of calculation leading to Taiwan's favorable balance of trade is unfair.

Taiwan's economic scholars point out that commodity trade is only one part of U.S.-Taiwan business deals and that the actual deals should include labor service and investment. Therefore, a reasonable method of calculation would be to replace the balance in commodity trade with a current international revenue and expenditure account. On the basis of this method of calculation, even according to a rough calculation and estimation conducted by Taiwan's "Central Bank" of Taiwan's international revenue and expenditure, Taiwan's actual favorable balance of trade with the United States would be reduced by about \$3 billion. In addition, 145 American companies in Taiwan sell nearly \$1 billion of commodities back to the United States annually. An arms deal worth \$0.8 to \$1 billion between Taiwan and the United States annually should also be deducted. Other scholars have pointed out that according to Japanese scholar Kenichi Osaki's method of calculation, about \$5 to \$6 billion worth of products manufactured and sold by American companies in Taiwan annually should also be included in the category of Taiwan-U.S. trade. If so, Taiwan's favorable balance of trade with the United States would drop to less than \$5 billion.

Public opinion in Taiwan also points out that part of Taiwan's favorable balance has resulted from Japanese businessmen using Taiwan as a springboard in their entrepot trade. Of all the products exported by Taiwan to the United States, the really competitive ones were either produced by joint ventures involving Japanese manufacturers or by Taiwan manufacturers who imported Japanese technology, equipment, and spare parts. They are Taiwan products on the surface but Japanese products in essence. For example, a Japanese processing plant in Taiwan imported about \$250 million in spare parts and accessories from Japan and exported nearly \$400 million in products to the United States last year. Thus, Taiwan's adverse balance of trade with Japan increased by \$250 million and its favorable balance of trade with the United States increased by \$400 million. What Taiwan actually obtained was minimal processing and labor fees and a limited supply of spare parts and accessories.

In this way, Taiwan has for years been enduring a huge adverse balance of trade with Japan on the one hand and helping Japan to reduce its favorable balance of trade with the United States on the other. In the end, it is Taiwan that has suffered losses. Public opinion in Taiwan has pointed out that Taiwan need not act as Japan's entrepot trade base any more and that the United States should pay serious attention to Taiwan's special economic structure as a "sandwich" and should not blindly direct the spearhead of trade protectionism at Taiwan.

I. 3 Feb 87

C H I N A
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PREMIER STRESSES FURTHER ECONOMIC LIBERALIZATION

OW240425 Taipei CNA in English 0242 GMT 24 Jan 87

[Text] Taipei, Jan 23 (CNA) -- The ROC's [Republic of China] foreign exchange control system has to be maintained, but restrictions on foreign exchange will be further relaxed to facilitate economic liberalization and internationalization, Premier Yu Kuo-hua said Friday.

Yu told domestic and foreign reporters in Taipei that the ROC still faces a military threat from the Chinese Communist regime, and that it is therefore necessary to maintain a degree of foreign exchange control in order to cope with emergency situations.

The Central Bank in China has never tried to intervene in the domestic foreign exchange market, and exchange rates between the N.T. [New Taiwan] Dollar and foreign currencies are totally determined by market demand and supply. The Central Bank's principal task is to maintain a stable market and to prevent fluctuations of exchange rates from affecting domestic industries, he said.

The ROC Government has greatly reduced its foreign exchange control in recent years, and will continue to do so in the future.

On the continued increase in the nation's foreign exchange reserves, Yu said pressure will be reduced if the nation can accelerate its economic liberalization, upgrade its economic structure, and increase domestic demand.

PRESIDENT CHIANG OPTIMISTIC ABOUT COMING YEAR

OW010601 Taipei International Service in English 0200 GMT 30 Jan 87

[Text] President Chiang Ching-kuo of the Republic of China, in a televised speech to the nation on Chinese New Year's Eve Wednesday, urged the people to beware of possible sorrows while living in security and to prepare for challenges ahead. He said, and we quote: In the past year, a rebounding economy brought our society prosperity. At the same time, it brought some problems. To ensure continued progress, we have made some improvements which, it is hoped, will benefit the life of the public. I thank you all for your support and cooperation. We believe the coming year will be even better. He added: Of course, many matters of the past year deserve to be examined. For example, efforts to protect and improve the environment were insufficient, traffic accidents still occurred quite frequently, and the public security situation has not shown necessary improvement. As for how to face the challenges in the coming year, the president said: I have always been an optimistic person. But my optimism is based not on a belief in fate but on the tendency to be prepared. Looking into the coming year, we are likely to encounter more obstacles. But as long as we persevere, are full of confidence, and plan well, and as long as we make proper preparations, help each other, and remain united, there will be no unsurmountable obstacles and no unconquerable barriers.

HUMAN RIGHTS BODY URGES AID TO PRC DEFECTOR

OW021453 Taipei CNA in English 1447 GMT 2 Feb 87

[Text] Taipei, Feb 2 (CNA) -- The Chinese Association for Human Rights cabled the Frankfurt-based International Association for Human Rights Monday and urged it to ask the West German Government to investigate the reported defection of a Communist Chinese reporter in Bonn and to render necessary assistance.

The cable quoted a report by the weekly news magazine DER SPIEGEL in its Feb 1 issue as saying that Chen Ming-hsiang, a correspondent for the Peiping Radio in West Germany, has sought political asylum in Bonn, but the German Government has not confirmed the report yet.

COMMENTARY ON CAPITALISM'S SUCCESS OVER COMMUNISM

OW311441 Taipei CNA in English 1356 GMT 31 Jan 87

[Text] Taipei, Jan 31 (CNA) -- The following is a commentary by the Broadcasting Corporation of China on "the free enterprise example":

One of the driving forces of development in the post World War II era has been the fierce competition between the communist-bloc, led by the Soviet Union, and the free world, led by the United States. Both sides have been locked in a duel to influence the growth patterns of rising independent nations in the developing world.

On the one hand, the Soviet Union has tried to impose its system on these countries through revolutionary and guerrilla movements. On the other side, the United States, through business and commerce, has tried to help countries emerging from the colonial experience to develop market-oriented economies of their own.

This polarized, systemic competition has dominated world social, economic, and political culture for four decades now.

Thank goodness the results speak for themselves. Those developing nations which have adopted free enterprise as their developmental guide, such as Brazil, Costa Rica, Singapore, South Korea and the Republic of China [ROC] on Taiwan, to name a few, have risen to the doorstep of developed status in just one generation. None of them are exact copies of the American system, but they are becoming major players in the free world economy, and that is what counts.

Nowhere is the heartbeat of capitalism stronger than in the non-communist nations of East Asia, where the four capitalist "mini dragons" -- including the ROC on Taiwan, Hong Kong, Singapore and South Korea, led by Japan, have stunned the world with their meteoric rise to prosperity and development. Together they have made East Asia a showcase for capitalist development and the new economic center of the world.

Meanwhile, their communist counterparts have remained stalled in the vicious circle of war, revolution, disease, and poverty. And the disparity between capitalism and communism, rich and poor, free and totalitarian continues to accelerate.

Nowhere is this systemic dichotomy more apparent than on the two sides of the Taiwan Strait. On one side lies Taiwan, where the government and people of the Republic of China have created a prosperous consumer society that is poised to reach developed status in a few years. The achievements on Taiwan have been made possible by an unflinching commitment to free enterprise and democratic principles.

On the other side of the Strait is the backward and impoverished Chinese mainland, where people have grown ever more desperate after thirty-seven years of communist rule.

The communist "experiment" began on the China mainland in 1949. But the experiment has been a total failure that has cost millions of lives and set China's development back further and further. On several occasions the Chinese mainland was brought to the brink of total collapse.

But since 1978, the new leadership under Teng Hsiao-ping has made efforts to reform the economy and place less emphasis on the Marxist ideas of class struggle and command economy.

However, these efforts fall very short of what is required to develop the Chinese mainland. Basically, the Chinese Communists are faced with the same dilemma that confronts other communists round the globe -- the choice between maintaining their power for its own sake or getting on with the business of development, which means learning from the success of capitalism. Clearly the two choices are inimical. That many choose to stick to their communist ways is a tragedy. For the results of forty years of competition between communism and capitalism are well known to all.

PARTY WELCOMES NEW NATIONAL ASSEMBLY MEMBERS

OW011403 Taipei CNA in English 1348 GMT 1 Feb 87

[Text] Taipei, Feb 1 (CNA) -- Ku Cheng-kang, vice chairman of the National Assembly's [NA] Constitutional Research Commission, Sunday urged all NA members to redouble their dedication to helping hasten national liberalization, democratization, and modernization in line with the government's efforts for various reforms.

Ku made the call while speaking at a lunar new year tea party that the National Assembly hosted to welcome newly elected members.

With rational freedom, democracy by the rule of law, and equal distribution of wealth, national power will be strengthened to accomplish the national recovery mission, Ku said.

Political reforms since last year have boosted further the constitutional democracy on this national bastion, he pointed out.

On the Chinese mainland, ranged [as received] crowds rose against the communist tyrannical rulers, he said, adding that their aspiration for free and happy life will finally win their fight against communism.

All NA members should work closely to practice their sacred political rights for the people in a joint effort to protect the nation's legal system from being damaged, Ku urged.

Earlier, the new members reported their duty [as received] at the assembly. They were greeted by NA Secretary General Irwine W. Ho and were briefed by Ho on the assembly's development.

HONG KONGPAPER SEES 'POLITICAL OVERTONES' IN CITIC DEAL

HK020207 Hong Kong SOUTH CHINA MORNING POST in English 2 Feb 87 p 10

[Editorial: "The China Connection"]

[Text] While closer bonds between Hong Kong and the mainland are generally to be welcomed, the risk of complications must be borne in mind. China has for several years been making substantial investments in Hong Kong, but its most recent foray into our world of cut-throat capitalism has added a new dimension. The China International Trust and Investment Corporation (CITIC) has entered into a deal with the Hong Kong and Shanghai Bank and Swire Pacific, giving it a 12.5 percent holding in Cathay Pacific Airways.

The deal was unquestionably a shrewd move on the part of Swire and the Bank. It is an effective counter to the ambitions of that nuisance, Dragonair. Apart from the generous pricing of the offer, the deal made equal sense to CITIC, which now has a significant stake in a high profile Hong Kong company with a solid reputation and a bright future.

Not even Dragonair would have grounds for complaint if the deal was purely for commercial reasons, but it quite patently was not. It is steeped in political overtones. In an official statement from Beijing, CITIC described the \$2 billion purchase as demonstrating "full confidence in the bright future of Hong Kong." But the motives behind it have not been universally acclaimed. Dragonair describes it as a political move to stop it becoming a competitive force against Cathay.

It is reassuring to see a mainland company invest \$2 billion in our future. On the other hand, if the Chinese connection counts for more than hard cash, then the fundamental capitalist principles which have made Hong Kong what it is could be in jeopardy. It is no good arguing that CITIC operates on the same commercial criteria as everyone else; while this may be true in its day-to-day dealings, it derives much of its competitive edge and commands respect because it is perceived as an agent of the Chinese Government.

Despite the political upheavals across the border, Beijing has insisted there would be no effect on economic policies. This distinction between politics and economics is illusory. If a factory in Shanghai which wants to change from tractors to motor cars has to clear its plans through Communist Party channels, it becomes a political as well as a commercial decision. In the same way, the Hong Kong airline saga has also been politicised beyond our borders. With Cathay as a precedent, it will be even more tempting for China agencies to use their political clout to steal a march on Hong Kong companies with which they find themselves in competition.

The Hong Kong Government is, of course, powerless to stop this happening. It is up to Beijing to resist the temptation to capitalise on its eventual resumption of sovereignty over Hong Kong.

ANALYSTS DISCUSS EFFECTS OF 'CRACKDOWN'

HK030241 Hong Kong HONGKONG STANDARD in English 3 Feb 87 p 1

[By Seth Faison]

[Text] Recent changes in China will have a major impact on this year's political review, government analysts agree.

Government officials -- including new Governor Sir David Wilson -- have stressed that the review will be a genuine one, taking the opinions of Hong Kong people fully into account.

But after the recent crackdown by Chinese leaders against liberal ideas, people will not be more hesitant to speak up, according to several political observers.

"Fewer and fewer people will feel that there is still hope of achieving really representative government," said Dr Joseph Cheng of the Chinese University. "This will gradually engender even more political apathy."

"People are extremely sensitive to signs from the other side of the border," said Dr. Peter Harris of the University of Hong Kong. "Those who were tempted to say something will now be constricted to a small minority."

Strong advocates of direct elections for the Legislative Council are expected to voice their concern as loudly as ever.

But how much support they receive from the majority of Hong Kong people is now less certain.

"People realise that China is taking a harder line towards democracy, and they will naturally lean towards a more cautious approach in Hong Kong," said a Hong Kong lawyer who does business in China.

"This is definitely a step backward, if you assume that moving towards democracy is progressive," he said.

Acting Governor Sir David Akers-Jones said Sunday that the Green Paper outlining options on how the future government will be structured would come out on schedule in the first half of the year.

Expression of public opinion may also depend on developments in China between now and next summer when the political review is conducted.

"A week is a long time in politics. It's hard to say what will be going on six months from now," said a former government official.

But unless there is another significant change of direction by the Chinese leadership, people in Hong Kong will probably be hesitant to speak out for liberal changes in the political system.

"I detect a feeling among many responsible members of the community that to be effective they must be acceptable to their counterparts in China," said Dr Cheng.

This sort of self-censorship, according to Dr Cheng, is spreading among upper-middle level executives the way it has long existed to some degree -- in the mass media.

"This may gradually reduce the number of political activists in Hong Kong," he said.

Not everyone agrees what the effect on Hong Kong the current campaign in China will have.

"Those who are likely to be affected by recent developments in China will be affected, yes, but let's hope that the brave ones will still speak out," said Dr Byron Weng of the Chinese University.

"If people give up so soon, what hope will there be?" he asked.

"A positive way of looking at the situation is to see what is happening as a necessary check on China's development. It may be better for China to change slowly in fits and starts rather than too dramatically," said the lawyer.

Dr Cheng was not so sanguine.

"If you try to be optimistic, you may think that this will last only one year or so. But it appears something far worse is going on. The impact may be far greater than that."

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